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Warsaw Pact Military Committee Confers in Sofia

Dzhurov Gives Speech

AU1105151188 Sofia BTA in English 1418 GMT 11 May 88

[Text] Sofia, May 11 (BTA)—The Warsaw Treaty Joint Armed Forces' Military Council opened its session here today. It is attended by Marshal of the Soviet Union Viktor G. Kulikov, commander in chief of the Warsaw Treaty Member States' Joint Armed Forces, and by Army General Anatoliy I. Gribkov, chief of staff of the Joint Armed Forces.

Welcoming the participants in the session, Army General Dobri Dzhurov, Politburo member of the CC of the BCP and Bulgaria's minister of national defence, said that the fraternal socialist countries are now leading a worldwide struggle for saving mankind from a nuclear holocaust and for disarmament.

The Bulgarian defence chief said he was convinced that the issues considered at the session and the recommendations which will be made will help enhance the military strength of the joint armed forces and promote and strengthen the friendship among the socialist countries.

Proposals to NATO Debated

LD1105220488 Warsaw Television Service in Polish 1730 GMT 11 May 88

[No video available]

[Text] One and a half months after the session of the Warsaw Pact Foreign Ministers Committee, which was held in Sofia and during which a new concept of the peace plan for Europe was worked out, the Warsaw Pact Military Committee has met in Sofia.

The subject of its debates is the military variant of the political proposal put forward by our alliance to Western Europe and NATO.

The meeting is being attended by representatives of the Pact members states. The Polish delegation is headed by General Antoni Jasinski.

More on Pact Session

AU1105181488 Sofia Domestic Service in Bulgarian 1730 GMT 11 May 88

[Text] A regular session of the Military Council of the Joint Armed Forces of the Warsaw Pact Member States opened in Sofia today. Taking part are delegations from the armies of Bulgaria, Hungary, the GDR, Poland, Romania, the Soviet Union, the CSSR, and the Headquarters of the Joint Armed Forces.

The session was opened by Marshal of the Soviet Union Viktor Kulikov, commander in chief of the Warsaw Pact Joint Armed Forces.

Army General Dobri Dzhurov made a greetings speech to the participants.

The session is taking place in a businesslike atmosphere and in a spirit of unity and complete cooperation.

Warsaw Pact Foreign Ministers To Convene 13 May

LD1205072088 East Berlin ADN International Service in German 0200 GMT 12 May 88

[Text] Berlin 12 May ADN—A meeting of the foreign ministers of the Warsaw Pact states will take place in Berlin on 13 May 1988.

Zhivkov, Atanasov Receive PRC's Song Jian

AU1105182288 Sofia BTA in English
1743 GMT 11 May 88

[Text] Sofia, May 11 (BTA)—Mr Todor Zhivkov, secretary general of the CC of the BCP and president of the State Council, today received Mr Song Jian, state councillor and minister in charge of the State Scientific and Technological Commission of the People's Republic of China.

They considered the state and promotion of bilateral techno-scientific cooperation and noted that the Bulgaro-Chinese agreement on the main areas of long-term economic, scientific, and technological cooperation is being successfully implemented.

The Chinese guest showed interest in the restructuring under way in Bulgaria and stressed the close attention which his country pays to Bulgaria's experience in building socialism and in renewing all spheres of social life.

The sides expressed interest in a further promotion and expansion of techno-scientific ties and stressed the availability of all necessary conditions and prerequisites for this. Cooperation will make rapid progress in the development and introduction of up-to-date electronics and information technology, all-round automation and new materials, biotechnology and laser technology. Notice was also taken of the considerable possibilities existing for the use of Bulgarian technologies and equipment in China's food industry and agriculture.

Mr Georgi Atanasov, Politburo member of the CC of the BCP and chairman of the Council of Ministers, also received Mr Song Jian today.

[Sofia Domestic Service in Bulgarian at 1730 GMT on 11 May, in reporting Zhivkov and Atanasov receiving Song Jian, adds the following: "Song Jian was also received by Georgi Atanasov. They discussed the possibilities for developing the bilateral scientific and technical links and paid particular attention to enriching the forms of joint work and to extending the fields of cooperation."]

Lukanov Meets Cuban, Yemeni Ministers in Plovdiv

AU1105195388 Sofia Domestic Service in Bulgarian
1730 GMT 11 May 88

[Excerpts] The third day of the Plovdiv International Spring Fair has been characterized by productive activity, aimed at expanding industrial and commercial cooperation between Bulgaria and her partners throughout the world. [passage omitted]

Andrey Lukanov, minister of foreign economic relations, met with Jose de la Fuente, deputy minister of foreign trade of Cuba. They discussed the further development of bilateral economic and trade relations.

Comrade Andrey Lukanov received 'Abd al-Qawi Muthanna Hadi, minister of housing and construction of the People's Democratic Republic of Yemen, [title as heard] and Ahmad 'Ali Muqbil, minister of agriculture and agrarian reform. [passage omitted]

Economic Cooperation Talks With PDRY in Sofia

AU1005180088 Sofia BTA in English
1704 GMT 10 May 88

["Bulgaria, PDR Yemen: Opportunities for Broader Cooperation"—BTA headline]

[Text] Sofia, May 10 (BTA)—The intermediate session of the Bulgaro-Yemeni Committee for Economic and Techno-Scientific Cooperation, held in Sofia, is discussing the opportunities for more active cooperation between Bulgaria and the People's Democratic Republic of Yemen. The economic and political relations between the two countries during the recent years are deepening, there are conditions for continuation of that process. The Bulgarian partners of the Yemeni side: "Technoeksportstroy", "Bulgargfomin," and "Agrokompleks", have the necessary potential to take a more active part in the construction of the future infrastructure of that country, in the processing of vegetables, in the oil-refining industry. There are possibilities the organization of joint production of building materials and for greater barter.

Bulgaria provides considerable quantity of products to the People's Democratic Republic of Yemen for the construction of the public sector of the economy. Bulgarian construction workers finished the first stage of the updating of the salt-producing complex in Aden, built with Bulgarian technologies the poultry-breeding combine and a fodder plant with it, and completed the first stage of the tourist project "Gold Moor."

A number of young people from the PDR Yemen are studying at Bulgarian higher schools, and others receive postgraduate training.

Austrian Communist Youth Delegation Visits

AU1105150888 Sofia BTA in English
1338 GMT 11 May 88

[Text] Sofia, May 11 (BTA)—At the invitation of the Central Committee of the Dimitrov Young Communist League (DKMS), a delegation of the Austrian Communist Youth led by the organisation's chairman, Mr Otto Bruckner, is visiting here.

The guests conferred with Mr Andrey Bundzhulov, first secretary of the CC of the DKMS, and with other senior Komsomol officials. The sides briefed each other on their organisations' work and discussed questions concerning their cooperation.

They share the opinion that bilateral ties which are based on Marxism-Leninism and proletarian internationalism make fine progress. They considered the opportunities available for wider and more varied forms of joint activity, which will be sought by both organisations.

A communique on the visit expresses the resolve of the DKMS and of the Austrian Communist Youth to keep working for the enhancement of the role of the World Federation of Democratic Youth.

They stress the role of the festival movement for rallying the youth in the name of anti-imperialist solidarity and expressed their organisations' readiness to contribute to the successful preparations of the 1989 festival in Pyongyang.

Emphasis was laid on the need for youth organisations of different political and ideological affiliations to increase their contribution to the struggle for the maintenance and strengthening of world peace, for the elimination of the threat of nuclear catastrophe.

The two organisations voice full support for the peace initiatives advanced by the USSR and the other socialist countries.

Oblast Plenum Criticizes Strazhitsa Building Lag

AU1105192388 Sofia Domestic Service in Bulgarian 1730 GMT 11 May 88

[Text] A joint plenum session of Lovech Oblast BCP Committee, Lovech Oblast People's Council, Strazhitsa Municipal BCP Committee, and Strazhitsa Municipal People's Council was held today in the village of Kamen, in Strazhitsa Municipality.

Comrade Grigor Stoichkov and leaders of central departments and organizations, economic trusts, and construction organizations from throughout the country took part in the work of the session.

Analysis shows that during the first 4 months of 1988 construction work to overcome the aftermath of the earthquake was calculated as 8.3 million leva. A serious weakness is that the building organizations have not observed the deadline for concentrating the necessary manpower in Strazhitsa. Instead of over 4,000 workers as envisaged, at the moment 2,425 workers are employed there.

What other basic weaknesses were outlined in the report and the speeches?

Despite the positive changes that occurred in fulfilling the party and government documents and the guidelines given by Comrade Todor Zhivkov during his visit to Strazhitsa at the end of 1987, the rates of construction still do not conform to the high requirements. The required fundamentally new organization of the work has still not been created to ensure unity in the completion of the restoration work regarding investment, planning, and construction.

Delays have been permitted in the planning and construction of industrial, social, and housing projects. The population of the region is still not becoming sufficiently involved in the construction of dwellings on an economic basis.

A program was adopted for speeding up the restoration works in the town of Strazhitsa and the region. The program provides for over 8,000 dwellings, 24 schools, and dozens of children's, health care, trading, and cultural establishments to be constructed or repaired by 1990.

Strougal Presents Government Program 3 May

AU0705134188 Prague RUDE PRAVO in Czech 4 May 88 pp 3, 4

["Programmatic Statement of the CSSR Government," presented by Federal Premier Lubomir Strougal at the Ninth Joint Meeting of the People's Chamber and the Chamber of Nations of the CSSR Federal Assembly in Prague on 3 May]

[Text] Changes in the setup of central agencies and, in particular, the more appropriate arrangement of the structure of federal government agencies and of the content of their activity, have prompted the resignation of the preceding government and the appointment of a new one. I am presenting to you today, on the federal government's behalf, its statement, which is a direct and immediate continuation of the program approved by the federal government less than 2 years ago. Just as then, today too the conclusions of the 17th CPCZ Congress represent the platform on which we build.

Since then, we have made headway in identifying the needs for further development of our society, in formulating specific targets, and also in defining the ways and methods of attaining these targets. An important role in this regard was played by the seventh session of the CPCZ Central Committee last December, which, by the election of its new general secretary, Comrade Milos Jakes, and by creatively approaching the evaluation of our reality, developed the conclusions of the 17th congress and quite unequivocally mapped out the exceptionally important program of a fundamental and comprehensive restructuring of all the main spheres of our society. This program has taken a coherent shape, in particular, in the field of national economy. Further impetus has also been provided by the recent ninth session of the CPCZ Central Committee.

All of this confronts the federal government and the governments of the two republics with some completely new tasks, with which we must cope.

I ask you that, in assessing this draft working program, you fully consider that it also represents an evaluation of the preceding government.

The federal government has to devote the most substantial part of its activity to tackling socioeconomic problems. This is all the more necessary as the scope of these problems is considerable today and because they negatively affect people's moral-political and socio-psychological frame of mind. They are reflected both in difficulties and disruptions of the production process and in the everyday life of the population. All this generates discontent and criticism of the working people and diminishes the effectiveness of their motivation toward high quality and responsible work.

To Clearly Define Shortcomings [subhead]

It is important to determine with utmost clarity where the main shortcomings and problems rest, where the weak spots of the national economy are. Most of them have been pinpointed at the seventh and ninth sessions of the CPCZ Central Committee and by the discussion of delegates at district party conferences. However, the main thing is to accurately define the basic causes of our shortcomings and weak spots so that we can find and select specific ways out, the paths leading to their solution. There is a strong tendency to simplify matters in this respect.

One can understand, in a way, that criticism is aimed at seeing the causes of difficulties and disruptions anywhere but in one's own place. The existing administrative-command mechanism of management offers ample opportunity to shift responsibility. They say that success always has many fathers while failure is an orphan; no one owns up to it or, at least, does it reluctantly or just partially.

Neither the government as a whole, nor I myself personally, intend to let ourselves be guided by this proverb. The reason for this is that even the existing system of economic management is not something mysterious and aloof from human involvement. Even this system has its structure, its individual levels endowed with a certain range of powers and accountability, and, hence, with people whom the party placed at the head of the respective institutions, economic agencies, and organizations. In other words, everyone should own up to his own share.

This is why I consider it honest and moral to assume my quite personal share of responsibility for the state of affairs, for the shortcomings both in the economy and in other spheres. After all, the government as a whole is not anonymous either; each sector, each ministry and central office is headed by a person with a specific name and a range of responsibilities and powers that have been entrusted to him. I spoke about these issues as far back as the 17th party congress. And I ascribe it to myself and regard it as my own shortcoming that in the 2 years that have elapsed since the congress I have not managed to raise the standard of work of the relevant comrades, and of the sectors under their leadership, so that I would not have to repeat the words of self-criticism today.

I am uttering these words on the premises of the Federal Assembly to call to mind the fact that we have been working and are working to this day within the administrative-command system of national economic management, within a system whose economic mechanism has essentially exhausted its capacity to manage and to motivate.

The government realizes that, in this connection, it can be asked why— given the fact that it has been charged with the task of accelerating socioeconomic development by means of intensification—it did not take steps to

reform the economic mechanism earlier? If we are honest and frank with ourselves and if we assess this question with an open mind, we will collectively arrive at the conclusion that a certain role was played here by inertia in thinking and in approaching the new economic realities and that such a radical restructuring could only be taken up after clarifying all the most important political and ideo-theoretical premises. There is no disputing the fact that the theory and practice of Soviet perestroyka has played a positive role in this regard.

Unsatisfactory Socioeconomic Results [subhead]

However, the government is also aware of the fact that, in defiance of this, it was possible, and necessary, to do more. This is why I am asking you, esteemed Comrade Deputies, to accept the critical evaluation of the state of affairs also as an expression of self-criticism by the government and its individual members.

It needs to be said with all due candor that the implementation of the targets of the 17th party congress and of the Eighth 5-Year Plan in the socioeconomic sphere is unsatisfactory.

It is unsatisfactory, primarily because we have not succeeded in enforcing to the needed extent the processes of intensification, efficiency, and a rise in the overall quality of national economic development. The trend toward a slowdown in the rate of growth of national income has been perpetuated in the last 2 years as a result. The increase in national income is at least Kcs15 billion below the target under the directive of the 17th congress, which means that, instead of growing by 7 percent, national income has grown by a mere 5 percent.

This is connected with the fact that labor productivity growth covered only 70 percent of national income growth, instead of 86 percent as planned. Nor have we succeeded in reducing the proportion of production input in the social product. It is a momentous fact that even energy-intensiveness, which decreased relatively in 1986, remained virtually stagnant last year. Over the 2 years in question, we thus consumed 5.6 million tonnes more than planned, for the generated national income, of standard fuel equivalent.

The focal point of our problems and difficulties lies in the very low capacity to innovate and in the slow structural changes, especially in industrial production. Although selected engineering and electrical engineering branches are recording relatively higher production growth, the relevant ministers have not managed—and this criticism also applies to the planning agencies to a certain extent—to limit in any significant way the output of energy-intensive and material-intensive branches. One of the reasons is that their production compensates for the manufacturing branches' shortfalls in meeting export tasks.

Both the highly inadequate capacity of our manufacturing to innovate and the slowness of structural changes are rooted in the low efficiency of science and technology and of the entire process of their conversion into product and technological innovations and into production quality in the wide sense of the term. It is precisely here that the most severe bottleneck and greatest weakness of the current management and planning practice and of the functioning of the economic mechanism in general is located.

The attention devoted to these issues by ministries, economic production units, and enterprises continues to be insufficient. Enterprise plans in this field are often poorly worked out and vague. They use as their point of departure low technical-economic specifications and are not based on comparisons with the standard of foreign products and technologies. This naturally then finds its expression, in particular, in a low contribution of capital investment projects, many of which fail to meet the required technical-economic standard.

In the first years of the 5-year plan, less than one-third of investment funds was used for modernization and retooling projects; checks that have been carried out have revealed that even these projects are not always up to the requirements. The proportion of investments in machinery continues to be below the proportion of investments in construction. A survey of selected projects-in-progress carried out by the State Commission for Scientific-Technical and Investment Development has shown their particularly unsatisfactory technical standard. These projects are marked by high investment-intensiveness and low return. It is true that old technologies are being replaced by new ones, yet the technical-economic specifications of the new technologies are only negligibly higher and do not ensure the competitiveness of products turned out by them.

Similar things have been ascertained by the People's Control Committee at newly started projects.

The low efficiency of scientific-technical development is borne out, ultimately, also by the fact that noninvestment expenditures on the development of science and technology amount to roughly Kcs21 billion a year, while last year's total increase in national income was less than Kcs15 billion.

Quality Is Decisive on the World Market [subhead]

It is therefore understandable that we are asking questions about the efficiency of the work of the federal and the former national commissions for scientific-technical and investment development, about the efficiency of the work of ministries and the relevant economic production units.

These commissions, sectors, and enterprises cannot just draft programs. This is naturally important, but it is equally important that they directly organize, on the

basis of these programs, specific major scientific-technical operations that should result in production innovations of a higher order and in top-level modernization of technological processes.

And this is not everything. With regard to investment projects that are supervised by the center, these commissions, and the relevant sectors, have a quite clearly defined responsibility for the technical-economic standard of proposed projects to meet the required specifications once they become operational. Regrettably, even state-appointed experts who appraise projects do not work as they should.

The government members responsible for supervising the process of applying scientific-technical development, be it in the relevant state commission or in individual sectors, must ask themselves what, in fact, they have done for progress in this field, what has changed for the better, where have we made a clear step ahead. Yes, today's economic mechanism does not adequately motivate enterprises in this direction; the fulfillment of planned indicators, especially adjusted net output, remains the main consideration for many of them, even at the price of higher material costs. The main consideration for them is, simply, to earn funds to pay wages. But what is the quality of their managerial work, what is their concern for ensuring future development when they fail to pursue the most important thing of all, that is, labor productivity growth and a rise in the technical-economic standards of production?

The responsible government members must draw specific conclusions from this criticism, in the interest of the accomplishment of the tasks of the Eighth 5-Year Plan. They must not lay the blame on one another's shoulders but they must, within the framework of their responsibility and in mutual collaboration, achieve a breakthrough in this fundamental matter.

The insufficient degree to which scientific-technical progress is making its way into production and, not infrequently, the lack of labor and technological discipline and low standards of organization and control in many enterprises and plants are reflected in a generally unsatisfactory quality of our production. It is primarily in this respect that we must compare ourselves with the world. It is not volume but quality that is decisive on the world market today. Our manufacturing has not managed to adequately respond to this requirement.

Under a decision made late in 1986, People's Control Committees now perform quality inspections in 40 organizations. In addition, they have discussed serious quality shortcomings with the directors of another 64 enterprises. In the overwhelming majority of cases, the inspections demonstrate that it is possible to improve quality by the enterprises' own efforts, primarily by improving the organization of the production process, consistently complying with technological discipline, and paying greater heed to the preproduction stages. In other words, it is not the so-called "objective causes," such as the quality of materials and appliances or the obsolescence of machinery, but, quite to the contrary, loose discipline and undemanding management that are often the determining factor of our products' lower quality.

Direct losses resulting from substandard quality production continue to be high and amount to almost Kcs4 billion annually in the crucial branches of industry. However, even greater is the impact which low quality has on the declining cost-effectiveness of Czechoslovak exports. Although quality control agencies continue to eliminate a disproportionately high share of production, especially production for export, losses arising from customers' claims for compensation are still growing faster than the volume of exports. Extra costs incurred by customers' claims for compensation amount to over Kcs500 million a year, but even more consequential is the fact that we are calling into question the reputation of Czechoslovak products on foreign markets.

The unsatisfactory course of intensification is also negatively projected in the capacity of our economy to export. Although we are succeeding, in principle, in ensuring a slight edge of foreign trade turnover over the growth rate of national income, this development cannot be regarded as unequivocally efficient, particularly because the proportion of products with a high level of science and technology input in Czechoslovak exports is not increasing.

The concept of foreign trade activity which, under a task assigned by the seventh session of the CPCZ Central Committee, the government will discuss in the near future, must clearly show the causes of the low valuation of our products in international exchange and realistic and feasible ways out of today's state of affairs, which is not good.

With regard to the socialist countries, 1987 exports were 9.5 percent higher than 1985 exports.

As far as the nonsocialist countries are concerned, however, the situation is not satisfactory. Exports have been declining since 1985 and the 1987 plan was only 98.1 percent fulfilled. The planned cost-effectiveness of exports has not been achieved either; moreover, to a steadily increasing extent, we must safeguard the sales of many of our products by extending export credits. Our manufacturers must seek the causes of this situation among themselves, in the quality and technical-economic standards of their products and in the insufficient flexibility and reliability of their delivery deadlines and after-sales services.

The foreign currency position of our state is essentially balanced. This means that our claims approximately cover our liabilities. Yet this statement, albeit favorable

at first glance, has its in-built contradictions and conceals some problems, especially the fact that the unsatisfactory fulfillment of exports to nonsocialist countries and the payment difficulties experienced by some of our trading partners from developing countries, as well as the need to ensure some essential above-plan imports, have recently slightly increased our indebtedness in freely convertible currencies, compared with the targets of the Eighth 5-Year Plan.

In this situation we are forced to continue to pay extraordinary and systematic attention to export questions and to ensuring equilibrium in the state's balance of payments.

With regard to the CEMA countries we are, on aggregate, in an active position.

Subjective Causes of Problems and Deviations [subhead]

All the problems and deviations from the congress line mentioned thus far have, of course, their subjective causes. They dwell in the fact that the qualitative aspects of the reproduction process have not yet become the main target of the efforts of management staffs at all organizational levels and of labor collectives in general.

The plans of some branches and many economic production units are not comprehensively provided for in practical terms. Instead of containing specific technological and organizational measures aimed at reducing material and other costs, they often merely formally break down the target figures. Moreover, there have also been some erroneous planning decisions, instances of setting evidently unrealistic targets in some branches.

This became evident, in particular, in enterprises administered by the Ministries of Industry of the Czech SR and the Slovak SR and the former Ministry of General Engineering. In the first 2 years of the Eighth 5-Year Plan, the Ministry of Industry of the Czech SR fell Kcs9.3 billion, the Ministry of Industry of the Slovak SR Kcs1.9 billion, and the general engineering sector Kcs1.5 billion short of the planned adjusted net output.

This shortfall thus amounted to Kcs12.7 billion on aggregate. A shortfall of this magnitude has understandably found its pronounced expression in the unsatisfactory fulfillment of supplies to the domestic market and, naturally, also in the general functioning of the national economic distribution system.

As a result, the starting base from which we have entered this year is far lower than were the projections of the Eighth 5-Year Plan. This entire matter has its origin in erroneous decisions made by the State Planning Commission and the commissions of the two republics, as well as by the relevant sectors. The set targets concerning the reduction of material costs, the volume of adjusted net output, and the volume of profits were evidently unrealistic.

With a view to establishing a realistic foundation for a more regular production, and to stabilize manpower, the federal government has taken measures to render the pace of reducing material costs more realistic and to increase imports for the needs of production.

The consequences of these interventions, which are unavoidable in our opinion, represent some Kcs40-Kcs50 billion in national income for the entire 5-year plan. This year alone this intervention represents a deviation of Kcs10-Kcs12 billion from the original targets of the Eighth 5-Year Plan.

This decision is aimed, in particular, at improving the situation in the distribution system and at easing the strain in customer-user relations.

Despite the aforesaid momentous measures, the situation in this area has not improved to the needed extent.

One of the main reasons for this, apart from the failure to meet targets in reducing the material intensity of production, lies in the excessive growth of inventories in the national economy. Over the last 2 years they have increased by Kcs35 billion, which is more than the entire increment of national income in these 2 years.

This idle, immobilized production is lacking where we need it—on the domestic market, in the form of finished goods, and in the production process, in the form of raw and processed materials.

It clearly arises from the aforesaid that we assess the situation in the national economy critically and openly. This is particularly true of comparisons between development trends and the challenging objectives of the Eighth 5-Year Plan.

Positive Changes [subhead]

There are positive changes in this regard compared with the Seventh 5-Year Plan. The growth of national income does, after all, exceed the average annual growth rate achieved in the Seventh 5-Year Plan, to say nothing of comparisons with the growth rates of the first 3 years of that 5-year plan. Equally, we must not disregard the fact that we are making great investments in the future in the form of the construction of nuclear power engineering and, in particular, in the form of investments in the Soviet Union, which will guarantee us deliveries of gas, iron ore, and other raw materials for two to three quinquenniums. And these are not the only issues that can be included among the positive aspects.

We realize that the key thing now is for us to react as quickly and as effectively as possible, at all levels of management, to the current weak spots.

Above all, it is necessary to consistently fulfill the plan for the current year, in particular in its qualitative composition, in structure and product range. From this viewpoint the first months of the current year are pointing toward some improvement.

It will be necessary to bring the resolution of certain problems of this year's plan to completion, particularly with regard to use of the output. This is because, as I have already said, the plan foresees a lower production of goods in some branches. The resolving of the questions of the use of the output concerns the home market, exports, capital investment, as well as material and technological supplies. This job has not yet been carried through to completion either by the planning authorities or the branch ministries, at either the federal or republican levels.

To completely resolve centrally allocated items [ustredne bilancovane polozky] is the responsibility of central agencies and economic production units. Strict conclusions along cadre lines need to be drawn from cases in which economic contracts are quite irresponsibly broken, especially in the area of the home market.

We know what momentous changes are being prepared both in the center and at the enterprise level. There are various speculations in this connection. There is also an endeavor to create for oneself a favorable, that is, a lower, starting base for the embarkation upon the new system of management, with the aim—the unrealistic aim, naturally—of having less demanding economic normative rules [normativy] fixed as a result. There is also an endeavor, especially on the part of subcontractors, to force increases in the prices of some products with relatively low profitability. Instead of reducing costs, they are seeking this unacceptable course.

We also must not overlook the fact that certain fears have emerged among some officials at various levels of management as to the security of their livelihood. It was possible to foresee this, given such an extensive reorganization, but it is not possible to tolerate the nonfulfillment of tasks on these grounds.

During the period of preparing the plans for the years 1989-90, it is necessary to work intensively in the State Planning Commission, the planning commissions of the two republics, and the branch ministries to ensure that the economic conditions provided for in the new system are employed to the maximum degree in the content of the plan for the last 2 years of the 5-year plan.

The ongoing experiments indicate that this is a course that helps to meet exacting qualitative indicators, creates conditions for speeding up product innovations, adapts the range of products to consumer demands, and improves inventory management and the handling of material consumption in general. One can record positive changes in the experimenting enterprises, especially in their internal organization and in the greater motivation of management staffs and labor collectives to achieve effective results.

Future Results Are Being Prepared Today [subhead]

There therefore exist realistic ways out of this complicated situation in the national economy. We must, however, overcome at all levels of management a certain indifference and the noxious notions that one has to somehow survive this period and that the new system will then miraculously settle everything. The opposite is the case. Any sector or enterprise that will not meet the tasks of the Eighth 5-Year Plan is preparing for itself considerable difficulties in the years to come. Every enterprise or sector thus actually determines in the current 5-year plan the economic results in the next period, too.

Despite this situation in the generation of resources, we have been successful thus far in safeguarding the planned increase in the private and, above all, public consumption. The maintenance and further improvement of the citizens' living standards is linked with ever greater problems, however.

The plan of retail trade turnover is being considerably exceeded, but the market is short of some types of textile goods, footwear, building materials, consumer electronics, spare parts of every sort, and other consumer goods.

We are currently discussing in detail issues concerning the stabilization of the home market in the remaining years of the Eighth 5-Year Plan. Greater funds are to be released for the import of unavailable goods and ways are being sought of reducing exports of those articles, with which our market is not adequately supplied. The main thing, however, is to make sure that all branches that produce merchandise for the home market safeguard the planned deliveries, meet the concluded economic contracts, and adapt themselves to consumer demands in variety and quality.

We cannot be satisfied with the work of domestic trade either. Better market research, respecting the wishes of the customer, knowing his needs, and a flexible response to various swings in demand—these are problems with which the ministers of domestic trade and the organizations under their supervision must cope.

In order to expand the offer of consumer goods, the federal government, in cooperation with the governments of the republics, is implementing a program of modernizing selected branches of the consumer goods industry, a program that will stretch over several years. With this aim in mind we have released Kcs4.5 billion for the modernization of selected branches of the consumer goods industry in the Eighth 5-Year Plan. This

program will involve the modernization of the technological base of the textile, garment, and leather-processing industries through the import of advanced technology from nonsocialist countries.

The modernization program is designed to create conditions to better satisfy the needs of our market for sought-after products of the knitting, garment, and leather-processing industries. The modernization drive will have to be extended to other branches as well, such as the production of color television sets, for example. Despite a relatively high increase in domestic production and in imports, it is necessary to reckon that it will not be possible to fully meet demand before the end of this 5-year plan. It is true, in general, that the attention paid to the production of engineering and electronic consumer goods has been insufficient. Needed investments in these sectors have not been made, which must be considered in drafting subsequent plans.

If we put such emphasis on the importance and the need to secure best possible supplies to the domestic market, this also fully applies to services, including public catering, transportation, and communications. Their condition is generally known. It is far from being in accord with the existing standard of our citizens' private consumption. The government realizes that an increase in the standard of services necessarily presupposes an improvement in provisions of materials and technology, a substantial increase in the number of qualified staff, and the services' better equipment with small machinery and tools.

With regard to supplies of materials and technology to services, production cooperatives, and the local industry, it is necessary to make sure that the plan itself establishes adequate prerequisites that would contribute to smooth supplies to this sphere. However, manufacturing enterprises, too, should more actively and with greater understanding react to the needs of these branches and offer various materials, machines, and appliances. Nor should national committees wait with their arms folded, but should seek out adequate partners for their enterprises who might contribute to ensuring the development of the relevant operations and, thereby, to better satisfying the needs of the population.

The number of citizens who would like to provide services in small businesses or on an individual basis has been growing recently. This is a good phenomenon and national committees should support it more vigorously. It is necessary to overcome dithering and get rid of prejudices. Along with this it will be necessary, of course, to tackle problems connected with the provision of needed materials and suitable premises, according to possibilities, and, not least, enhance the social security of those who provide these services.

The creation of a broad platform for the legal provision of services will allow all citizens who want to assert themselves in this field to become involved in it. At the same time, however, we will demand that they properly discharge their legal duties toward the state, especially their tax obligations.

In the subsequent period, too, we will continue to eliminate organizational and administrative barriers that would in any way inhibit the full satisfaction of people's needs.

When we so broadly and critically assess the inadequacies of the domestic market and of services, we do so with the awareness of our commitment to allow citizens to materialize their incomes, which have increased more than 6.5 percent in the last 2 years. This means that incomes, especially average wages, have been growing faster than planned. Real incomes have increased 6 percent in this period, which testifies to a relatively stable cost of living.

Egalitarian Wage Policy—A Stumbling Block [subhead]

The fact that we are still not succeeding in asserting a more marked differentiation between pay for good and poor work—not just between individuals, but also between collectives and entire enterprises—remains a stumbling block, however. We are finding out again and again that greater wage differentials and a wholesome and demanding climate for material incentives cannot be introduced by any resolution, not matter how well thought out it may be; nor can they be decreed from above. This is borne out, among other things, by the criticism, uneasiness, and even by some expressions of disagreement touched off by government measures to increase the economic effectiveness of the wage systems.

We are aware of this criticism. At the same time we must say, however, that one cannot react to it by carrying out some further and better restructuring of wages because at the heart of all shortcomings are the entire current economic mechanism, the fact that supply and demand on the domestic market are in disharmony, and, not least, shortcomings in the practical implementation of wage policy in accordance with actual results. Only through a comprehensive restructuring of the economic mechanism is it possible to achieve a situation, in which enterprises are forced, by the stringency of conditions, to deliver quality work, and in which no managerial agency will be able to make concessions, even if inefficiency may potentially lead to wage cuts, or, conversely, intervene in those cases when demonstrable economic effect permits considerably higher earnings. Only in such a demanding economic environment is it possible to fully assert social justice, needed differentiation, and the application of socialist wage policy principles in general.

The deputies are familiar with the content of planned social measures, which are aimed at increasing society's assistance for pensioners, families with children, and young couples. The government is living up to its commitment, undertaken in the joint resolution of the CPCZ Central Committee, the federal government, the Central

Trade Union Council, and the Socialist Youth Union, to prepare in the pension scheme a system of continuous adjustment of pensions to the growth of wages. Depending on the development of the economy and the possibilities of our society, this system will be prepared for implementation toward the end of this 5-year plan.

At the same time, we reckon that, in order to ensure the healthy development of the young generation, we will prepare a concept of state policy with regard to the family, which is the basic cell of our social organism.

The government will devote attention to the development of foreign tourism as an important vehicle of its economic and social policy, with the aim of enabling a steadily increasing number of citizens, especially young people, to get to know other countries. To this end we are preparing some measures to facilitate travel by Czechoslovak citizens abroad, including the easing and expansion of contacts among relatives. The question is also being assessed, in conjunction with our currency possibilities, of providing travel funds which citizens would be able to use in regular, designated intervals—most likely, once every 3 years. Most of these measures are to be applied as early as next year.

Environment in the Foreground of Interest [subhead]

Questions connected with the environment, especially in some parts of our Republic, are rightly moving to the foreground of our public's interest.

We seek the implementation of the ecology program, which constitutes an important part of the Eighth 5-Year Plan.

The program involves, among other things, building projects worth Kcs17 billion. However, a recent review of the implementation of this program has revealed grave shortcomings in some organizations.

Some investment projects are behind schedule. Of the 68 ecology-related projects that were to be started in the last 2 years, 17 were postponed. As a result of designers' and suppliers' lack of preparedness, this situation is being repeated this year. This cannot be tolerated any longer.

We are currently working on a number of variants of solutions for the situation in some localities, solutions which mainly involve a conversion of the fuel base—the substitution of gas and electricity for coal. Those engineering enterprises that are responsible for the production of suitable technological installations for ecology programs should speed up the establishment of manufacturing collaboration with those foreign companies that have already assimilated such technology on a high level. This has been the subject of a number of international negotiations, but the agreed projects have not yet been brought to the stage of practical implementation.

As for housing, the Eighth 5-Year Plan provides for the construction of 482,000 new apartments in all forms of housing construction. Of this number, 157,500 apartments were completed in the years 1986-87. This makes it clear that we have a lot to make up for because the congress targets are still valid. The situation is all the more unfavorable as, despite the low number of completed apartments, chronic shortcomings that still accompany housing construction—including designers' lack of preparedness, the incomprehensive nature of housing construction, and its low quality—have not been eliminated.

Preparation of a Housing Law [subhead]

The ministries of construction and the enterprises under their supervision are very slow in adapting themselves to the new needs. Structural changes in building capacities are negligible and the performance of building enterprises is not improving and bears no comparison with the world.

Pressure on the building trade in general and on housing maintenance and the modernization of the housing stock in particular will continuously grow. This is so because, aside from other factors, children born in the high birth-rate years are reaching adulthood, so that demands of young couples for apartments will become much stronger.

The state of affairs calls for a solution of principle in the preparation, organization, and general material provisions for housing construction and, ultimately, in the use of apartments itself. The government will in the near future comprehensively assess these problems.

In housing policy we do not want to renounce the tested principles that have proven their viability and are an attribute of the socialist society. However, for the next and the subsequent quinquenniums we must prepare a concept that would blend better than the current system the economic aspect of housing with its social aspect. The principles of a housing law are now being drafted in this spirit. The desirable standardization of the economic conditions of housing and the determination of an optimal measure of the financial participation of citizens in the construction and use of apartments are, of course, exceedingly sensitive issues.

An area plan for the development of the capital of Prague was approved in 1986. Many of the adopted targets have been accomplished but the overwhelming part of the tasks is still ahead of us. It is therefore essential to review and update them and to carry out necessary corrective measures with the aim of concentrating resources on the most important projects.

Aside from assistance from the Czech building industry, it will probably be necessary to reinforce transfers of building capacities among regions.

Need for Comprehensive Reforms and Democratization [subhead]

It has already been 2 years since the 17th CPCZ Congress adopted the task of gradually rebuilding the economic mechanism.

Looking back, we cannot deny that an important step ahead has been made in the understanding as well as in the implementation of the congress guideline. It is clear that partial improvements of the existing system of management are unthinkable under current conditions, that the time and its problems require a comprehensive reform, one connected with extensive democratization and with the development of socialist self-management.

The Seventh Plenum of the CPCZ Central Committee adopted an important document—the resolution on the comprehensive restructuring of the economic mechanism and its provisions. Building on this resolution, the government then approved the respective guidelines, including a timetable for restructuring until the year 1990.

Both documents have become subjects of wide public interest. The resolution of the seventh session of the CPCZ Central Committee is an obligatory task for the government and its efforts will therefore concentrate on consistently implementing the adopted conclusions and on preventing their distorted interpretation or their diffusion in actual economic practice.

None of the tasks of restructuring facing us must be underestimated, be it the comprehensive restructuring of wholesale and procurement prices, the adjustment of the levies and taxes system, or, in particular, the comprehensive application of the new rules of management in the entire production and circulation sphere.

The fundamental changes in the economic mechanism concern industry, agriculture, as well as the tertiary sphere. In retailing and services, we are trying to introduce as many elements of the new economic mechanism as possible already this year. This is in the interest of consumers, in the interest of meeting their legitimate needs.

As for agriculture, measures arising from the reform will, in principle, come into force in their entirety at the beginning of next year. At issue is an important step that should affect in a more pronounced manner the efficiency of primary agricultural production. In recent years, united agricultural cooperatives and state farms have been achieving their profit first and foremost through growth of output, regardless of the growth of material costs, and especially in sideline production, and not by reducing per-unit costs in agricultural production.

It is necessary to renew the lead of crop production, if cost-effective results are to be achieved in animal husbandry. The cooperation of other branches of the national economy—especially that of engineering and of manufacturers of chemical agents, where we register a considerable technological lag—is essential if these tasks are to be mastered.

Two Most Topical Tasks [subhead]

Restructuring of the content, organization, and methods of work of the central agencies and new organization of the production, scientific-research, and circulation bases are the two most topical tasks at present.

The government realizes that the transition to the new concept of the work of the center will not be easy. It is precisely in the activity of the apparatus of central agencies, more than in many other spheres, that departmental interests seeking the preservation of various rights and power privileges linger on. This is why the government must be, and will continue to be, the consistent guardian of the unambiguity and objectivity of future legal norms and of the precise definition of the central management agencies' powers. In this connection a decision has been made to reduce the apparatus and the administrative expenses connected with it.

The staff of the central agencies of state administration is to be reduced by 30 percent on aggregate. This reduction will be differentiated, in view of the new definition of the range of activities and powers of ministries. In some sectors it will be even more pronounced.

The number of deputy ministers is being cut and more cohesive departments within the framework of the ministerial apparatuses are being formed.

The future work of the government itself must undergo substantial changes, too.

From the viewpoint of the content of its activity, conceptual and strategic decisionmaking, enhancement of its executive powers in the sphere of central supervision of basic practical and systematic issues, substantial enhancement of the standard and effectiveness of its control functions, and, finally, creation of conditions for increased participation by the working people in management and in decisions on public affairs, will come to the forefront.

In this connection it will be necessary for the government to rid itself of the discussion of problems that fall into the jurisdiction of the respective sectors.

We are abolishing the absolute majority of government commissions and committees on the federal level in order to enhance the direct and immediate responsibility of the respective ministers.

The aforementioned measures will also be reflected in a more lucid arrangement of the division of labor between the federal government and the governments of the

republics in that part of the economy, which, under the Constitutional Law on the Federation, belongs to the joint province of the federation and the republics.

More than ever before it will be necessary for the activity of the government to be characterized by efficiency, a collective approach, proportionality, and frank, comradely cooperation. The ministers are members of a collective body and their entire activity must therefore be imbued with the priority of national interests. They cannot approach their work in the government from the position of protecting the sectors they supervise, just as they cannot assert their interests in contravention of the collectively adopted strategy of government policy. They are in their respective sectors the representatives of the state, that is, representatives of national interest.

The improvement of central management itself, which to a considerable degree determines also the effectiveness of management at the level of the economic sphere, must find its expression also in a change of the content and in a higher degree of comprehensiveness of the work of the government in the economy. With the growing complexity of tasks, the demand for strict objectivity in all decisions of the federal government and for the working out of alternative solutions is coming to the forefront.

We are fully aware of the tasks confronting the federal government. What matters is not only coming to terms with this 5-year plan but, also preparing in a qualitatively new way the next 5-year plan, in which the program of structural changes in the national economy, a specific and highly motivating social program, and broader integration in the international, notably socialist, division of labor must be given a very distinct shape.

The drafting of the Ninth 5-Year Plan must be based on the long-term outlook for the socioeconomic development of our country through the year 2005 and must lean on the conclusions of the collective concept of international socialist division of labor, now being prepared, which will be discussed this July, at a CEMA session in Prague.

No Room for Local Interests [subhead]

A no less important task of these weeks and months is the organizational setup of the enterprise sphere. Here, too, the uniform national criteria must unequivocally prevail over the narrow local interests of general directorates, enterprises or enterprise subdivisions, or regional authorities.

In the economy, only that which is effective conforms with the national interest. We have stressed on many occasions that we shall not accept a uniform shape of the production base. On the contrary, the requirement is to create enterprises and organizations that are diverse in size, orientation of activity, and internal organization. However, this must always be done in such a way that they are capable of developing independently, of undertaking business ventures on their own, and of flexibly reacting to the demands of domestic and foreign customers. This is how the government and its agencies intend to proceed in the coming months in the arduous and conflict-ridden process of deciding about the future organizational structure of the Czechoslovak economy.

The degree to which we shall succeed in transforming this basic link of management—the state enterprise—into a genuinely entrepreneurial subject will to a decisive degree determine the effectiveness of restructuring and the future of Czechoslovakia's effective economic development.

For the preparatory period of restructuring, that is, for the years 1988-90, the government has adopted a program of specific measures. In drawing it up, it proceeded from the premise that this program must constitute a mutually interlinked and coordinated complex of prerequisites for the restructuring of the economic mechanism.

We regard as crucial the solution of problems connected with the restoration of both internal and external economic balance through compliance with the basic targets of the Eighth 5-Year Plan, both at the state level and in individual enterprises.

It is the task of all managerial agencies to make use of the new elements of the economic mechanism as well as of the experiences of experimenting enterprises and to apply them on the widest possible scale in meeting the tasks of the remaining years of the 5-year plan.

In this connection, the government places emphasis on ensuring that expenditures in all branches of the production and nonproduction spheres are reasonable and that financial and credit resources are efficiently used. The Ministry of Finance and the State Bank must be much more consistent in these areas, strictly observe party and government directives, and simply refuse to give in to unwarranted demands.

With the aim of reinforcing trends that promote equilibrium, this year we have restricted the scale of newly started projects, compared with the tasks set out in the Eighth 5-Year Plan, without reducing, of course, resources earmarked for cost-effective modernization projects, cost-effective state target programs, and undertakings ensuring the implementation of international commitments and of the ecology program.

At the same time, we have determined that projects included in the state plan can only be started if provisions have been made to cut construction periods by at least 20 percent. The restoration of economic equilibrium is the basic prerequisite of the effectiveness of the

economic reform. The federal government and its individual members must think through many issues in this respect and find specific solutions. We cannot live at the expense of the future, nor do we want to.

Work is currently under way on the Comprehensive Program of the Economic and Organizational Restructuring of the Entire Nonproduction Sphere. This involves thousands of varieties of organizations and institutions, in which, too, a rational mode of management must be introduced.

The preparatory period and the initial stage of the full-fledged application of the new economic mechanism will be immensely complicated and full of conflicts. We will have to overcome habits ingrained over a period of many years, and the inertia of old thinking. We shall proceed in the face of deeply rooted egalitarian attitudes and spurious interests. As Comrade Jakes said at the Ninth Session of the CPCZ Central Committee: "The complexity of the stage we are entering arises from the fact that, in a number of sectors, the obsolete mechanisms have ceased to discharge their function while the new ones are only beginning to be applied."

To manage and work in such conditions, to accomplish the tasks of the current 5-year plan, and to draft the new 5-year plan—this will demand all the energy and full personal commitment of senior officials.

Ahead of us is a joint struggle against wait-and-see attitudes and, in more than one instance, against despondency and whimpering.

The New Ways Will Not Be Free of Clashes [subhead]

We must be aware of a number of pitfalls that will emerge in economic relations among organizations. The increased independence of state enterprises will also lead in some cases to changes in their production programs. New, more effective ties between producers and their customers and channels of supply and transportation will have to be sought. This may result in all kinds of disruptions at some places, which will require flexible reactions. In certain cases it will also be necessary to change the structure of employment.

The more demanding conditions embodied in the plan and in the normative rules governing material incentives and the strict financial and, in particular, credit policy will make it difficult for some enterprises to pay their bills. All of this will result in conflicting situations. It is also necessary to take into consideration the fact that central agencies will try to operate and to steer enterprises in the old manner and this, too, will most likely not be free of clashes.

Even the smallest labor collectives such as workshops, production centers, and brigades will not avoid problems and conflicts. A consistent enforcement of economic accountability in enterprise subdivisions and the enhanced independence and responsibility of these subdivisions will bring a strong pressure to bear on the quality of work and the work ethics of each individual.

No one can be indifferent to the results of the activity of others, no one will be willing to contribute with his own work to the living standards of slovenly types.

With all due respect for possible social repercussions, we cannot move an inch from this course, in the interest of the future development of the country, in the interest of the growth of our people's standard of living.

Restructuring places great demands on our legislative bodies. The legislative program for the next couple of years is so extensive that it can only be compared with the period immediately after February 1948 when we were building from scratch our socialist legal system.

In addition to the bills that have been submitted to the Federal Assembly already—the draft laws on state enterprises, agricultural cooperatives, and housing, consumer, and production cooperatives, the law that alters and amends the Economic Code, the law on economic arbitration, and the draft amendment to the law on economic relations with foreign countries—we shall be facing in the second half of this year and in the so-called preparatory period of restructuring, that is, prior to 1990, further wide-ranging and important legislative tasks.

In a short period of time we will have to draw up a new competence law [kompetencni zakon], a new law on national economic planning, amendments to the laws on remittances to the state budget and on the income tax, a new law on the agricultural tax, and a new Labor Code, to name just the most urgent ones. All of these bills are legal provisions that create scope for the activity of state enterprises and other self-accounting [chozrascotni] units, regulate labor-related issues, and codify the most important instruments for the economic control of the self-accounting sphere by the center.

Many governmental or sectoral norms determining what sort of organizational subdivisions should exist in individual organizations and institutions from the center downward will have to be either abolished or modified.

The government's efforts will be concentrated on ensuring that we enter the year 1991—when the Czechoslovak economy as a whole will embark upon management under the new conditions—with a coherent set of new legal regulations embodying the economic reform in its entirety.

Energetically Against Bureaucratism and Formalism [subhead]

This is why I once again appeal to you, representatives of the supreme Czechoslovak legislative body, with the request that you understand the urgency of the task I

have just discussed. On this occasion, I would like to acknowledge and appreciate the understanding, initiative, and flexibility with which the drafts of new laws are discussed in the committees and in the plenum of the Federal Assembly. Speaking at the seventh session of the CPCZ Central Committee, Comrade Milos Jakes said: "We shall comprehensively promote and enhance the course we have embarked upon. We shall be consistent in seeing to it that the profoundly democratic essence of our political system—which is among the greates' gains attained by the people in their struggle for revolutionary transformations of society—find fully its expression in practical life."

If we add to these words the conclusions of the ninth session of the CPCZ Central Committee, it becomes quite evident that the federal government and the governments of the republics must much more effectively and rapidly cope with the tasks that arise from the needs of developing socialist democracy and the elements of self-management rule, while energetically overcoming all manifestations of bureaucratism and formalism.

A fundamental step in this direction are the measures that have been taken to expand the rights of enterprises and the self-management status of labor collectives, measures concerning the role of labor collectives' agencies and the election of top executives. The government and its agencies will assist in shaping them and in the implementation of their mission.

The government and its individual members realize that they are fully accountable to the Federal Assembly for their activity, that they should be under the continuous control of its chambers and their agencies. The government will respect this fact in all aspects of its work. At the same time, as heretofore, we shall continue to use the experiences and findings obtained by you, deputies, in your constituencies.

Scope for Citizens' Activity [subhead]

The federal government is ready to support everything aimed at furthering the democratization of the social organism and, within this broad framework, at generally invigorating the activity of the National Front and the organizations which it associates.

The government is therefore determined to further improve its interaction with the National Front Central Committee. We want to proceed so as to increase its influence on the formulation, implementation, and control of important federal government decisions. Aside from the tried and tested practice of briefing the supreme agencies of the National Front on the basic targets of the government's economic and social policy, we intend to intensify consultations on major measures being prepared, with a view to making greater use of suggestions for the government's work.

Restructuring will undoubtedly bring with it new elements and new impetus for the government's and its individual members' already advanced cooperation with major National Front organizations, particularly with the leaderships of the Revolutionary Trade Union Movement, the Socialist Youth Union, and the Czechoslovak Scientific-Technical Society.

We intend to devote major attention to the harmonious development of relations between our nations and ethnic minorities and, in particular, to their socioeconomic development.

We realize that the fruits of citizens' activity and initiative will be all the greater and riper, the more this activity and initiative will be able to assert itself. Scope for it is created by a policy of openness, by giving people access to information, and by establishing conditions enabling them to express their views and to actually influence decisions on public matters.

The government will bear these issues constantly in mind and will support everything that can contribute to a fuller assertion of the influence, weight, and role of the citizen in our social life.

At the same time we shall resist any attempt at antisocialist actions, at provoking unrest and tension in our public, no matter under which masthead this occurs.

The government intends to continue to win and unite the widest possible sections of the population for the implementation of the program of restructuring and democratization.

We also regard the churches as a constituent part of our society; we seek good relations with them and want to further improve these relations. We also want to maintain correct relations with the various world church centers, including the Vatican. On the basis of our delegation's negotiations, in April this year our government approved the appointment of three new Roman Catholic bishops. We expect our goodwill to be correctly understood and reciprocated by our partner.

In the preceding period, the government adopted a number of significant measures to reinforce socialist legality and come to terms with existing antisocial phenomena, particularly with economic crime.

Despite a certain decline in economic crime, in a number of manufacturing and retailing organizations we come across disregard for these negative phenomena. It often happens that unlawful activity is detected not on the initiative of the affected organizations—their managements, enterprise control agencies, or social organizations—but only after intervention by supreme control institutions, security agencies, or the prosecutor's office. Such an approach is incompatible with the responsibility of socialist managers.

The government is working on, among other things, proposals to introduce more effective punitive measures to combat corruption. Corruption is a manifestation of parasitism which, in the final analysis, undermines the citizen's trust in the state and its laws. We all know what the situation in this area is like and, still, a mere 296 persons statewide were sentenced for bribery-related offenses in 1986, for example.

Is this figure an objective reflection of the actual situation in this area, specifically in retailing, services, school admissions, health care, and sports?

I am asking this question with the awareness that punishment by the court is only curative medicine, that what matters most is an improvement in prevention, control, and auditing.

The proposals, now being prepared, to make more stringent the legal action against unlawful manipulation with narcotics and the encouragement of drug abuse are motivated by our interest in national health and are aimed at protecting the youth, in particular, against this pernicious phenomenon that ruins people's health and endangers their lives. The punishment must be particularly stringent for any form of abetting drug abuse by minors.

We anticipate that provisions will also be drafted concerning measures to be taken against those who drag in or spread the acquired immune deficiency syndrome—AIDS.

I have spoken here only about some areas in which we want the state to proceed with greater stringency against those who commit culpable offenses. At the same time, we consider it necessary to deal with lesser offenses, those that are socially less dangerous, outside the courts to a greater extent, within the framework of special proceedings for misdemeanors.

Greater Powers for National Committees [subhead]

Restructuring and democratization will also affect the work of national committees in many respects. Evidence of this is furnished by the amendment to the law on national committees now being drafted, which will codify again or redefine the range of their activities as both agencies of economic management and self-management agencies.

In the future, national committees will have to deal with all questions concerning the harmonious development of the territory under their administration—allocation of labor, protection of the environment, satisfying the needs of the population, and so forth—with far greater power and independence than heretofore. In cooperation with the governments of the republics, we intend to create the necessary conditions for this, because the means and methods applied by national committees in implementing their coordinating function will have to consider—to a far greater degree than now—the economic aspect of relationships that will take shape in the territories under their supervision.

National committees will also assume a new role in their capacity as agencies that immediately supervise economic organizations. Their function as founders of the state economic organizations under their supervision enhances their responsibility.

The question also arises how the new mechanism of management will affect the methods of formulating and implementing the National Front election programs. Beyond doubt, their long-term positive contribution must be preserved. A countless number of matters that are important from the viewpoint of people's everyday needs are being tackled on these bases; that is why, in giving the definitive shape to the mechanism of economic management, we shall see to it, together with the governments of the republics, that the new rules further expand the scope for people's initiative aimed at upgrading towns and villages and improving the living conditions of their inhabitants.

When we speak about the democratization of our life, we naturally cannot leave out public information about the activities of the federal government. We have already made some changes in this regard, in terms of organization and content. One of them, for instance, is the regular press conferences, at which Czechoslovak and foreign journalists have an opportunity to receive information on government sessions and to become clear about any aspect of our country's domestic and foreign policy.

We think it is very important that government members speak out in the press, on radio, and television, explain the government's positions, and react to citizens' suggestions and criticism. We are guided by the principle that openness is the best way of preventing incorrect interpretations of policy, rumors, and even, as we have seen in some instances, deliberate distortions of our intentions.

New Political Thinking in International Relations [subhead]

In the government statement of June 1986 we characterized the international political situation as complicated and dangerous. Today, less than 2 years later, we are able to point to encouraging aspects and changes for the better. International tension has undoubtedly decreased and trust among states and the political responsibility of the leading representatives of a number of countries have increased. We can truly say that a new political thinking in international relations is being born.

We all are familiar with the extensive diplomatic efforts, with the numerous initiatives and goodwill gestures the Soviet Union, but also other countries of the socialist community, have made for the world to get out of the blind alley, for the threat of a global nuclear conflict to be reduced.

We realize that the crucial factor of these changes rests in the creation of a new quality of relations and a dialogue between the Soviet Union and the United States, for which Mikhail Gorbachev, general secretary of the CPSU Central Committee, deserves personal credit.

The signing of the Treaty on the Elimination of Intermediate- and Shorter-Range Missiles is undoubtedly a historic act which opens the door to further talks, notably talks on a 50-percent cut in strategic offensive weapons, a complete ban on chemical weapons, and the reduction of conventional weapons to the lowest possible level.

Naturally, Socialist Czechoslovakia has not remained aloof from these developments. We have endorsed them in many declarations and in the form of other foreign policy moves. On 11 December 1987 we signed an agreement between the USSR, the CSSR, and the GDR, in which we agreed to accept verification and inspection measures with regard to the withdrawal from our territory of missiles that are covered by the treaty. Moreover, the circumstance that their withdrawal was completed even before the treaty's ratification expresses the wish that the treaty not only be approved, but that it be consistently observed by all parties concerned. We remain realists, however. We do not succumb to pacifist moods, and remain vigilant toward imperialism.

That is why we will devote the appropriate attention to consolidating the security and defense capability of our socialist fatherland in harmony with the efforts of the allied states and in the spirit of principles defined in the military doctrine adopted by the Political Consultative Committee of the Warsaw Pact states at its Berlin session in May 1987.

In foreign-political intentions, we have devoted great attention to promoting the philosophy of a common European home—because it closely corresponds to the principles of our policy, and also to humanitarian ideals of our people which have passed the test of history.

This is also the orientation of the recent Czechoslovak initiative on the creation of a zone of trust, cooperation, and good-neighborly relations between the countries situated along the line of contact between the Warsaw Pact and NATO states (announced on the occasion of the 40th anniversary of Victorious February). Moreover, this proposal covers all aspects of international security—political, military, economic, ecological, and humanitarian.

In the coming period we intend to continue to fully develop these efforts, to continue our involvement in all negotiations on the reduction of armed forces and conventional armament (including the Vienna consultations of 23 Warsaw Pact and NATO states).

We continue to regard as topical the proposals we made with the GDR Government to the FRG Government on a zone free of chemical arms and on a nuclear-free corridor. In these proposals, we proceed from the conviction that partial steps and regional accords can significantly contribute toward resolving urgent disarmament issues on a worldwide scale.

As you know, Helmut Kohl, federal chancellor of our largest Western neighbor, the FRG, was recently in Prague. During our talks, we agreed on a further development of cooperation in all kinds of spheres in the spirit of the policy of coexistence, and also in harmony with the significant economic and cultural traditions that have shaped the history of our nations. At the same time we are counting on expanding the program of cooperation with the Republic of Austria (its federal chancellor is to visit Prague soon) and on continuing to pursue this policy in contacts with other states of Western Europe.

Our Czechoslovak diplomacy did not ignore relations with the developing world either, for its significance in the solution of worldwide problems is steadily increasing. We have conducted many important negotiations, above all with friendly Arab countries and with other states in Africa and Asia. Our recent efforts were mainly aimed at making at least a small contribution to the successes of the national reconciliation processes in Afghanistan and Cambodia and to the settlement of conflicts in Central America, the Middle East, the Persian Gulf, and southern Africa. This is also the viewpoint from which we are orienting our fraternal assistance to the national liberation movements and to states subjected to the imperialist aggression.

The basic principle governing Czechoslovakia's foreign activities was and is to develop relations with all socialist countries, and to develop them precisely in the spirit of current restructuring and democratization. On the basis of this principle we have had many meetings, conferences, and consultations with all Warsaw Pact countries. The talks conducted this year by Comrade Milos Jakes, CPCZ Central Committee general secretary, and the representatives of fraternal parties have become an extraordinary source of specific ideas on how to multiply the areas of mutual collaboration. At the same time we wish to continue developing broad contacts with the PRC.

Today (as always in the past) our friendship, alliance, and the development of all-round cooperation with the Soviet Union are of decisive significance to Czechoslovakia. The course of political and economic reforms, the consolidation of the principles of people's power, and the process of democratization, glasnost [Russian term used], and spiritual revival currently taking place in the country of our largest ally, are a great inspiration for us and will continue to influence us. This is also reflected in our mutual relations, which have never been so extensive, frank, and inspiring as they are now. This was mostly confirmed by the talks conducted by the general secretaries of our fraternal parties in Moscow in January 1988, but also by negotiations on the level of the president of our Republic and the heads of governments.

The present period is emphatically stepping up the demands and requirements set on high professional

standards, a purposeful attitude, and the realization ability of every management link—and this primarily means the federal government, as the supreme executive body of our state.

Only such an approach can enable us to cope with the considerable tasks set by the CSSR Government program.

In conclusion I would like to offer sincere thanks to the Federal Assembly for the efficient assistance on which our government could rely during the past period, and to express the conviction that this will also be true of the future.

I submit the programmatic statement of the CSSR Government to the Federal Assembly for discussion, and ask you, esteemed comrades, to give your vote of confidence to the government after assessing the statement in harmony with Article 69 of the Constitutional Law on the Czechoslovak Federation.

U.S. State Department's William Bodde Visits

Meets With Fischer

LD1105194088 East Berlin ADN International Service in German 1327 GMT 11 May 88

[Text] Berlin, 11 May (ADN)—GDR Foreign Minister Oskar Fischer received on Wednesday William Bodde, U.S. deputy assistant secretary of state, for talks on questions of international development and on continuation of political dialogue and expansion of bilateral relations between the two states.

Oskar Fischer and William Bodde agreed that the treaty on the elimination of intermediate-range nuclear missiles, for the ratification of which both politicians spoke out, is of outstanding political significance in improving the international situation. In this connection, Oskar Fischer explained the contribution of the GDR to the agreement. The opportunity that has been created to achieve a turn toward disarmament and lasting security must not be lost through compensatory efforts to arm and modernize in other areas. Dealing with the negotiations on the reduction of strategic offensive weapons, the partners in the talks stressed the great significance of an agreement between the Soviet Union and the United States on a halving of weapons in this category.

Oskar Fischer explained the initiatives of the GDR to create a chemical weapons-free zone and a nuclear weapons-free corridor in central Europe and to host the International Meeting for Nuclear Weapons-Free Zones in June 1988 in Berlin.

In the discussion of bilateral relations, the sides agreed that progress has been achieved recently, but that the existing possibilities must be further exploited. The partners in the talks expressed the readiness of their governments to intensify political dialogue and to expand the fields of mutually advantageous cooperation.

Francis J. Meehan, U.S. ambassador to the GDR, took part in the talks.

William Bodde is in the GDR at the invitation of Kurt Nier, deputy foreign minister for consultations on current world political and bilateral questions.

Talks With Krenz

LD1105220788 East Berlin ADN International Service in German 1509 GMT 11 May 88

[Text] Berlin, 11 May (ADN)—Egon Krenz, member of the Politburo, secretary of the SED Central Committee, and deputy chairman of the GDR Council of State, received on Wednesday William Bodde, deputy assistant secretary of the Bureau for Europe and Canadian Affairs in the U.S. State Department. Questions of the international situation and bilateral GDR-U.S. relations were discussed. Egon Krenz stressed the importance of intensifying political dialogue with the United States. This corresponds to the active peace policy of the GDR and its activities aimed at improving international relations.

There was agreement in stressing the historic importance of the United States-USSR Treaty on the Elimination of Intermediate- and Shorter-Range Missiles. Egon Krenz affirmed that the GDR had done its part and would continue to act so that this treaty would be ratified, come into force, and be consistently realized. The premature withdrawal of Soviet missiles from the GDR and their destruction had rightly produced a wide, positive, and international response. Further steps in disarmament must follow this first concrete one; there must be no pauses allowed in the disarmament process.

The two partners in the talks hailed the forthcoming Soviet-U.S. summit in Moscow. Egon Krenz emphasized that the GDR people had high expectations for the Moscow meeting. The GDR supported the effort for a halving of the strategic nuclear offensive potentials, while affirming the ABM Treaty. The GDR is undertaking its own initiatives corresponding to its responsibility on the dividing line between the two social systems, as expressed in its proposals to create nuclear- and chemical weapons-free zones in Central Europe. The worldwide resonance of the "International Meeting for Nuclear Weapons-Free Zones" in Berlin initiated by Erich Honecker was proof of the effectiveness of this policy.

William Bodde stressed the intention of the U.S. Government to ratify as soon as possible the Treaty on the Elimination of Intermediate- and Shorter-Range Missiles and declared that the United States was also looking for results in the negotiations on the reduction of strategic offensive weapons.

There was agreement that steps toward normalization of the world situation have a favorable effect on development of cooperation between states, and that good bilateral relations can positively contribute to the improvement of the world situation, which has already begun.

The GDR was ready, declared Egon Krenz, to expand to further mutual advantage bilateral cooperation with the United States on the basis of equality.

William Bodde affirmed the intention of the U.S. Government, as stated by Secretary of State Shultz, to continue the process of improvement of mutual relations.

Taking part in the talks were the GDR Deputy Foreign Minister Kurt Nier and the U.S. ambassador in the GDR, Francis J. Meehan.

USSR Defense Minister Yazov Continues Visit

Greeted by Army Regiment

LD1105114488 East Berlin ADN International Service in German 1024 GMT 11 May 88

[Text] Berlin, 11 May (ADN)—A comrade-in-arms meeting in the Rudolf Renner Regiment of the GDR National People's Army will be today's highpoint on the 2d day of a visit by a Soviet military delegation to the GDR. The motorized infantry welcomed with tumultuous applause in their regimental club Army General Dmitriy Yazov, candidate member of the CPSU Central Committee Politburo and USSR defense minister, and Army General Heinz Kessler, member of the SED Central Committee Politburo and GDR defense minister.

Following the playing of the USSR and GDR national anthems, divisional Commander Colonel Hans Christian Reiche described the visit by the armed forces delegation from the country of Lenin as a high tribute to the achievements of his unit and as a stimulus toward exemplary deeds in protecting peace.

Army General Heinz Kessler and Army General Dmitriy Yazov then spoke.

Speaks to Regiment With Kessler

LD1105154088 East Berlin ADN International Service in German 1041 GMT 11 May 88

[Excerpts] Berlin, 11 May (ADN)—A meeting of comradeship-in-arms in the Rudolf Renner motorized infantry regiment was the highpoint on Wednesday of the second day of a visit to the GDR by a USSR military delegation. At the troops' unit clubhouse the participants greeted with tumultuous applause Army General Dmitriy Yazov, USSR Defense Minister and candidate member of the Politburo of the CPSU Central Committee, and Army General Heinz Kessler, GDR minister for national defense and member of the Politburo of the SED Central Committee.

Also taking their places on the podium were Army General Aleksey Lizichev, head of the Main Political Directorate of the Soviet Army and Navy; Air Marshal Aleksandr Yefimov and Army General Vitaliy Shabanov, USSR deputy defense ministers; and Lieutenant General Horst Bruenner, GDR deputy defense minister.

The meeting took place under the motto, "Class Brothers—Brothers in Arms, United, Invincible."

In the hall motorized infantry men, tank troops, artillerymen, and other military specialists gathered. Again and again they cheered the class and military alliance between the GDR and the Soviet Union and the general secretaries of the two fraternal parties. [passage omitted]

Then the GDR defense minister began to speak. The minister praised the historic victory of the Soviet people and its allies over German imperialism. "The heroic deeds of the people of the Soviet Union and their armed forces, who threw themselves into the life-or-death struggle with the fascist armies and defended their socialist homeland under the leadership of the party, remain forever in our hearts and minds," declared Army General Kessler.

"The victory of the Soviet people in the great fatherland war and the liberation of our people from Hitlerite fascism gave the German workers, peasants, craftsmen, and intellectuals a great opportunity to construct a new, democratic Germany. We have used this opportunity." On the soil of the GDR, German imperialism and militarism, fascism and racism, warmongering and chauvinism have been eradicated root and branch, the minister emphasized.

Here the antifascist, democratic revolution was led to victory under peaceful conditions, and with the incorporation of all classes and strata of the working people, and of many former entrepreneurs and big farmers as well. A state and social order based on true solidarity, comradely cooperation, and mutual trust has been constructed.

"You, dear Comrade Minister Yazov, and the other leading generals and admirals of the Soviet Army and Navy, have come to us in these May days of 1988 to convince yourselves on the spot of how the soldiers of the socialist German state have understood their historic mission—under no circumstances to allow war to emanate ever again from German soil—and how they understand the reliable protection of peace and socialism in the heart of Europe at the side of our Soviet comrades-in-arms and the other armies of our defense alliance."

The visit is given particular weight by its timing. Events of historic consequence will take place in these days, and new ones will mature.

"As you, honored Comrade Minister Yazov, emphasized only a few days ago, the fact alone that the intermediate-range missiles treaty with the United States has been signed indicates that the prospect of a world free of nuclear weapons and threats of destruction is beginning to take shape.

"How serious we are in our efforts to liberate the people as far and as quickly as possible from the danger of a nuclear inferno and the oppressive burden of increasingly costly armaments—and to use the resources saved in this way to improve the lives of the working people in town and country—is something we all joined in experiencing only a few weeks ago when the Soviet operational-tactical missiles were withdrawn prematurely from their base in Waren. Meanwhile, as you know, the

destruction of these missiles has begun. The transport vehicles are being converted into mobile cranes, and the former accomodation buildings are being converted into an FDGB vacation home."

Just as the Soviet Union and the GDR began the implementation of the Soviet-U.S. intermediate-range missiles treaty even before its ratification, things will continue after it comes into force. It will be implemented point for point, without any ifs and buts, and our state will fulfill with great circumspection and care its obligations under the agreement.

"In the NATO area, as is well known, things are not yet so explicit," the minister emphasized. Since the beginning of the year the NATO bodies have been examining the most varied armaments programs to "compensate" for the dismantling of the United States's land-based intermediate-range missiles in Western Europe and to maintain possibilities for strategic influence deep into the hinterland of the Warsaw Pact. The supporters of the nuclear "deterrence" strategy in NATO continue to have considerable influence. In the FRG Bundeswehr, too, the direction is toward an improvement in attack capability, toward more and increasingly more accurate means for sudden strikes.

"The decisive criterion for that which is described in our military doctrine as 'adequate defense capacity' or 'reasonable sufficiency' is our clear determination to give reliable military protection under all circumstances to peace and socialism; this means the masterly control of weapons and all other technical means of struggle, as is apparent to everyone."

"I believe," said Army General Kessler, "that our Soviet guests will be able today and tomorrow to convince themselves clearly that this internal connection, this interrelation between the successful, peace-loving foreign policy of the socialist community and its defense readiness, its defense capability, is correctly understood by the members of the National People's Army, and also by the members of the Heinz Hoffmann tank division and its Rudolf Renner motorized infantry regiment, and expresses itself in corresponding military performance."

The regiment has long maintained close relations with the Soviet motorized infantry regiment in Ravensbrueck. The members of the two partner troops units have become closer to one another through many joint measures of combat training, exchange of experience, comparisons of performance, and, not least, sports and games. "Links with the comrades of the 'regiment next door' are an important guarantee of the high fighting strength and combat readiness of our National People's Army."

The meeting today will without doubt go down in the history of the Rudolf Renner motorized infantry regiment and the Heinz Hoffmann tank division as an outstanding event in the consolidation of the class and military alliance between our National People's Army and the Soviet armed forces.

"I would like to take this opportunity to assure Comrade Army General Yazov, USSR defense minister, and his entourage, that the members of the National People's Army of the GDR will continue to do their utmost to strengthen socialism and secure a constantly high combat readiness, and to consolidate the steadfast comradeship-in-arms with the Soviet army in the defense of peace and the achievements of our allied people here in the heart of Europe."

"We wish our Soviet fighting comrades and brothers-in-arms new, great successes in the implementation of the decisions of the 27th Party Congress and the forthcoming 19th All-Union Conference of the CPSU."

After his speech, the defense minister gave his Soviet guest a bust of the unforgotten Ernst Thaelmann, the German communist and internationalist.

Army General Yazov conveyed to all members of the National People's Army the militant greetings of the Soviet armed forces and their wishes for success in service and in fulfilling their patriotic and internationalist duty. "During such meetings as today's in direct and living contact, the firmness of the friendly relations between our peoples and armies is particularly tangible," Army General Yazov emphasized.

"Your regiment bears the name of the outstanding son of the German people Rudolf Renner. He fought with self-sacrifice for the freedom and happiness of the German working people, for your homeland's present and for its bright future. You are doing your service in the division that bears the name of the true communist and internationalist Heinz Hoffmann. He played an outstanding part in the coming into being and development of the National People's Army of the GDR and the consolidation of our community. You are protecting the socialist achievements of the working people of the GDR, the first workers' and farmers' state in the history of the German people."

Today, in the homeland of Karl Marx and Friedrich Engels, their theory of scientific socialism is being successfully put into practice. The work of the people of the GDR is being led by its proven vanguard, the SED. The working people of the GDR are building a new society and working to implement the decisions of the 11th SED Congress, in close alliance with the people of the other countries of the socialist community. Never before in history has there been such an alliance. It is based on equality, comradely assistance, and mutual respect and is the embodiment of true fraternity of the peoples. To a great extent and on a reciprocal basis the experiences of the fraternal countries in solving the problems of socialist construction are being used and cooperation is deepening in organization to defend socialism.

As in the GDR, so in the Soviet Union great construction work is in progress today. The Soviet people are persistently implementing the course of the 27th CPSU Congress and are striving to prepare worthily for the 19th All-Union CPSU Conference.

"Throughout the world the understanding is deepening that socialism and peace belong indivisibly together," the Soviet defense minister said. Primarily it is a task of preventing war and preserving peace. The Soviet Union, the GDR, and our fraternal parties led by Erich Honecker and Mikhail Sergeyevich Gorbachev, are fighting actively to solve this task.

"The realities in the nuclear and space age are such that security can only exist in the same measure and for all states together. Security cannot be guaranteed by 'deterrence' to which many politicians and strategists in the West are very attached. Security can also not be achieved by the arms race which the aggressive circle of imperialism wants to extend into space. The Soviet Union and the other fraternal socialist states are countering the attempts of the reaction with a firm, constructive, and coordinated line of detente. This also finds precise expression in the military doctrine of the Warsaw Pact member states which has an expressly defensive nature. It is remarkable that this doctrine was passed a year ago at the meeting of the Political Consultative Committee in Berlin, in the city where World War II ended and from which now the call by the countries of the socialist community of states for practical actions for the prevention of war is sounded."

A visible example of how, with the presence of political will, even the most complicated issues can be solved is the signing of the Soviet-U.S. treaty on the removal of intermediate-range missiles. This is a practical step along the path of strengthening confidence and security in Europe. The agreement proposed by the fraternal socialist states between the organizations of the Warsaw Pact and NATO on a radical reduction in forces and arms in Europe—from the Atlantic to the Urals—would serve the same end.

"In accordance with the Geneva agreement on Afghanistan, in a few days the Soviet Union will start the withdrawal of its contingent of troops from this friendly country." Regarding this, Army General Yazov went on to point out: "This is a tangible confirmation of the possibility of political settlement of regional conflicts which today render the situation explosive in various areas of the globe."

The advancement of the process of disarmament, of the process of the creation of a world without nuclear weapons and violence did not, however, take place without difficulties. The situation in Europe and in the world as a whole remains complicated and contradictory. The United States and some of its NATO partners are continuing by their behavior in the world arena the dangerous course of the policy of strength. "All this creates the need for us to constantly guarantee the high combat readiness of the fraternal armies and to strengthen the defense capability of the socialist community of states. It must be of such a level that no one can surprise us." The military alliance of the armies of the Warsaw Pact states is firm and indestructible. The Soviet armed forces and the GDR National People's Army represent important parts of the alliance. "From year to year our relations and contacts become deeper, broader, and more fruitful," the minister underlined.

"They embrace all areas of the life and activity of the allied armies, from technical equipment to political education work. Joint exercises and maneuvers play an important role in perfecting cooperation. Your regiment has been active within the division in a series of them, including the comradeship-in-arms maneuvers. We learn together, live together, and strengthen the defense of our community of states together. In practice this is what we jointly and proudly call 'comradeship-in-arms.' It is our duty, the duty of patriots and internationalists, to protect and consolidate this comradeship-in-arms."

"Allow me, dear comrades, to thank you once again for your hospitality and to wish you the best of health, happiness, and new successes in military activity, in faithful service for your marvellous homeland, and for the cause of socialism and peace."

As a souvenir of the visit, Army General Yazov presented the sculpture "The Path to the Cosmos Is Cleared."

At the beginning of their visit to the "Heinz Hoffmann" tank division this morning the guests had been welcomed by Colonel General Horst Stechbarth, deputy defense minister and chief of ground forces of the NVA [National People's Army].

The commander of the unit said in his report that the Army members had resolved the tasks given to them by the party of the working class with great keenness and high quality. The observers from 23 CSCE signatory states had also been able to convince themselves of this during the joint troop exercise "Friendship-88" in the GDR.

SPD Bundestag Group Visits People's Chamber

AU1105104488 East Berlin NEUES DEUTSCHLAND in German 10 May 88 p 4

[Excerpt] Berlin (ND)—Since Monday [9 May] a delegation of agricultural experts of the SPD group in the FRG Bundestag has been in the GDR. The delegation, headed by Horst Sielaff, is visiting at the invitation of the GDR People's Chamber.

Michael Koplanski, chairman of the Agriculture, Forestry, and Foodstuffs Committee of the People's Chamber, welcomed the guests at the People's Chamber. He assessed the visit as a component of dialogue and as a

contribution to further developing relations between the two German states. The chairman noted the recent meeting between Erich Honecker and Hans-Jochen Vogel, chairman of the SPD Bundestag group, which gave new impetus to this process. [passage omitted]

Honecker, Stoph Greet CSSR on National Day

AU1105102388 East Berlin NEUES DEUTSCHLAND in German 9 May 88 p 1

[Greetings telegram from GDR General Secretary Erich Honecker and Council of Ministers Chairman Willi Stoph to CSSR General Secretary Milos Jakes, President Gustav Husak, and Premier Lubomir Strougal on the CSSR's National Day: "Cooperation Is Based on Trust and Friendship"]

[Text] Comrade Milos Jakes, CPCZ general secretary;

Comrade Gustav Husak, CSSR president;

Comrade Lubomir Strougal, CSSR premier;

Prague

Dear Comrades,

On your National Day we convey to you, the CPCZ Central Committee, the CSSR Government, and the CSSR people most cordial congratulations and fraternal greetings from the SED Central Committee, the State Council, the Council of Ministers, and the people of the GDR.

Within a historically short period after their liberation from Hitlerite fascism by the glorious Soviet Army, the CSSR people—guided by their battle-tested CPCZ—have established a stable and highly developed socialist state in the heart of Europe, which enjoys high international standing.

In close alliance with the USSR and the other states of the socialist community, the CSSR's working people are creatively implementing the decisions of the 17th CPCZ Congress.

The constructive contribution of your country to the worldwide struggle to consolidate peace and international security is highly appreciated.

Our joint initiatives for a zone free of chemical weapons and a nuclear-free corridor in central Europe, and the CSSR proposal to establish a zone of trust, cooperation, and good-neighborly relations along the borderline between the Warsaw Pact and NATO, make an effective contribution to constructively continuing the political dialogue on shaping the common European house.

The cooperation between our parties, states, and peoples, which is characterized by trust and fraternal friendship, fills us with satisfaction. We know that we are at one with you in the determination to use the agreements concluded at the highest level to purposefully develop our relations and to unite the potentials developed by our two states even more effectively for the welfare of our people.

From the bottom of our hearts, we wish you, dear comrades, all communists, and all CSSR people much success in the further building of socialism. Please accept our best wishes for good health, creative energy, and well-being.

Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council;

Willi Stoph, chairman of the GDR Council of Ministers.

PRC Trade Union Leader Speaks at College

LD1105204188 East Berlin ADN International Service in German 1434 GMT 11 May 88

[Text] Berlin, 11 May (ADN)—The economic and social development of the PRC and the role of the trade unions were the central subjects of a lecture given by Ni Zhifu, chairman of the All-China Federation of Trade Unions (ACFTU), member of the CPC Central Committee, and deputy chairman of the Standing Committee of the National People's Congress, on Wednesday at the GDR trade union college in Bernau. Ni Zhifu, who is with a delegation of the ACFTU for a several-day visit to the GDR, stressed that the PRC's current policy, with its reforms and the opening up of the country, is based on the fundamental principles of Marxism-Leninism, on the path of socialist development PRC-style, and the leadership of the Communist Party. On this basis, and after a time during which the significance of the trade unions had been neglected, the ACFTU has since 1978 become the most important political mass movement in the PRC. In October this year the 11th national congress of the ACFTU will assess trade union work during the past 5 years and mark out new goals for the active participation of trade unionists in the shaping of socialism.

Ni Zhifu expressed his pleasure that relations between the FDGB and the ACTFU are developing well in all areas. They serve socialist construction in both countires, the securing of world peace, and the strengthening of the international trade union movement.

Tanzanian Prime Minister Continues Visit

Dines With Stoph

LD1005233588 East Berlin ADN International Service in German 1557 GMT 10 May 88

[Text] Berlin, 10 May (ADN)—Willi Stoph, chairman of the GDR Council of Ministers, and Joseph Sinde Warioba, prime minister and first vice president of the United Republic of Tanzania, have acknowledged the longstanding traditional friendship which ties together

both countries in the mutual struggle for freedom and international security, for the flourishing development of both peoples, and against imperialistic tutelage, racism, and apartheid.

During a dinner which Willi Stoph gave this evening in honor of his guest, he said: "In your country it is just as well known as in ours that in the nuclear era maintaining peace is essential for mankind's existence. Therefore, the GDR greatly appreciates the contribution made by Tanzania within the framework of the six-country initiative for peace and disarmament. In the Stockholm Declaration, agreed to at the third meeting of the heads of state and government in January this year, we see further significant momentum for worldwide cooperation by all forces of reason and of realism, in order to break through the vicious circle of the arms race, and to attain trust, disarmament, and an improvement in the international situation."

It is also the GDR's view, said Willi Stoph, that the arms race must not penetrate new spheres; instead, the disarmament process must be continued in the nuclear and conventional areas and be made irreversible by means of further steps. People on all continents received with satisfaction and optimism the beginning of nuclear disarmament, which is made possible by the Soviet-U.S. agreement on the elimination of their intermediate- and shorter-range nuclear missiles. It is now high time for a 50 percent reduction in Soviet and U.S. strategic offensive weapons to be agreed upon, while strictly adhering to the ABM Treaty, and for progress to be made in bringing about a complete and general ban on nuclear weapons tests and the completion of the convention on a chemical weapons ban.

As is known, invitations have been issued by Erich Honecker, as patron of the GDR preparatory committee, for the International Meeting for Nuclear Weapon-Free Zones from 20 to 22 June 1988 in Berlin. "We are hoping the meeting will lead to numerous new efforts in making peace more secure and we welcome the fact that this initiative has been positively responded to in your country and in other African states."

The GDR supports the worldwide demands for comprehensive and effective sanctions against the apartheid regime, said Willi Stoph. It is linked in solidarity with the ANC [African National Congress] and the anti-apartheid movement in South Africa and with the just struggle of the people of Namibia for independence. In the tense struggle for peace and security and overcoming the tensions and conflicts caused by apartheid, the GDR firmly stands at the side of Tanzania and the other Frontline States in southern Africa.

In his reply, Joseph Sinde Warioba stated that independent Africa and the Frontline States remain committed to the complete liberation of the region from colonialism and racism. It is our duty, he said, to support the repressed people of Namibia and South Africa in their just struggle to achieve freedom and human dignity.

"We are convinced that, as before, the GDR will continue its moral support and material help for the liberation movements in southern Africa and the Frontline States so that they can lead the liberation struggle to its logical conclusion."

The GDR has always played a very important and positive role in the struggle to establish a just and equal international economic order. Only in an international trade system based on fairness can the developing countries achieve socioeconomic advances and preserve them permanently.

The GDR has worked tirelessly, by means of proposals for concrete disarmament measures, to end the arms race, said Joseph Sinde Warioba. "In this connection, we sincerely congratulate your government as well as that of the Soviet Union on the speedy steps with which you have carried out the removal of shorter-range missiles from your territory, in line with the treaty between the United States and the USSR on the elimination of nuclear intermediate-range missiles. The fact that these missiles were withdrawn early demonstrates the GDR's participation in the striving for disarmament and its support for the cause of international security."

Like the GDR, Tanzania recognizes the need to maintain the dynamism created by the two superpowers' intermediate-range agreement, by means of agreeing to more far-reaching reductions in their strategic offensive weapons, to ban and eliminate chemical weapons, and to end nuclear weapons tests. In this important question, he said, we would gladly work jointly with you at the forthcoming 3d special United Nations General Assembly session on disarmament, and in other forums.

Similarly, Tanzania welcomes the initiative for convening a conference to discuss the theme of nuclear weapon-free zones. "We have received with respect the appeal made by Comrade Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, for that initiative, and I am pleased to tell you that Tanzania will take part in this important forum."

Visits Forestry Institute

LD1105104288 East Berlin ADN International Service in German 0842 GMT 11 May 88

[Text] Frankfurt an der Oder, 11 May (ADN)—Joseph Sinde Warioba, prime minister and first vice president of Tanzania, received this morning an insight into the tasks and achievements of forestry science in the GDR during a visit to the Institute for Forestry Science at Eberswalde in the Frankfurt area. The guest—who recently began a visit to the GDR lasting several days—and Willi Stoph, chairman of the GDR Council of

Ministers, and other members of the delegation, were warmly welcomed by Agriculture Minister Bruno Lietz, and by Siegfried Sommer, chairman of the Frankfurt Area Council. Prof Dr Klaus Kindermann, the chief director of the institute, briefed the guests on the task of the establishment, which is to contribute, by means of top scientific-technical achievements, to the effective planting, cultivation, and processing of valuable raw wood material.

The Tanzanian statesman will be the guest in the Oderbruch community of Golzow this afternoon at the conclusion of the 2d day of his visit to the GDR.

Suspect Motives in Disappearance of Nazi Files

AU1105134888 East Berlin NEUES DEUTSCHLAND in German 10 May 88 p 2

["W.M." commentary: "There Is No End to the Scandal"]

[Text] Three months ago, the theft of a large number of Nazi files from the Document Center in West Berlin was at the center of public attention. Meanwhile, the topic has disappeared from the headlines. The scandal, however, continues.

What has happened in the past 3 months? Four suspects have been arrested, including the former head of the photographic department in the Documentation Center. As was announced by the competent senior public prosecutor, Kaehne, it cannot be ruled out that other members of the Document Center, which is administered by the United States, are involved in this case. Some 1,500 of the transferred Nazi files are believed to have been recovered. There is no indication of the total number of missing documents. Some spoke of tens of thousands, others of 80,000, but nobody knows the exact figure.

Those who are well-informed keep quiet: Both those who were arrested and the suspects are not disclosing anything to the investigating authorities about the background of this unique scandal. By referring to the Nazi slogan "Our honor is loyalty," Kaehne characterized the situation with the following words: "Their honor is silence."

These are the facts. So far nothing has been done to solve the actual problem, which is that Nazi files can be stolen and transferred from this Document Center, but not scientifically evaluated, nor used for criminal prosecution of fascist offences which may be documented in the files.

The chairman of the Jewish community in West Berlin was assured by the head of the U.S. Department of State that no historical documents had disappeared as a result of the theft, because all stolen files exist on microfilm. It has now become public knowledge that only 40 percent of the archive's documents were photocopied, in view of plans to hand over the archives from the United States to the FRG. For years now, the two states have been arguing over who is to pay the M5 million for the photocopies that the Americans want to keep if they hand over the originals to the FRG. (For comparison's sake, the United States wants to spend $56 million on the SDI project, and the FRG 50 million on the "Euro Fighter 90".)

In this way, the whole matter can be postponed until doomsday—or at least until such time as the last fascist criminal has passed away. Who can still believe in bureaucratic carelessness in view of this endless chain of defaults?

Further Reportage on Grosz' UK Visit

Holds Talks With Howe

AU1105142788 Budapest MAGYAR HIRLAP in Hungarian 6 May 88 pp 1, 3

[Telephoned report by Dezso Pinter, MAGYAR HIRLAP correspondent in London: "We are Counting on Long-term Cooperation—Karoly Grosz' and Margaret Thatcher's Toasts—Good Atmosphere Prevailed in Talks With Leading British Politicians"]

[Text] Karoly Grosz' program in London on 5 May started with a working breakfast in his honor hosted by Sir Geoffrey Howe, UK secretary of state for foreign affairs. Sir Howe, who is considered one of the most influential members of the cabinet, paid two official visits to Hungary, in September 1983 and March 1987. An informal atmosphere prevailed at the breakfast. This is demonstrated by the fact that, as an introduction, the secretary of state jokingly remarked that the present UK ambassador in Budapest is his friend and was formerly his personal secretary; if the UK considered Hungary a boring and uninteresting place, he would not have allowed him to go to Budapest.

Karoly Grosz spoke about the efforts of the Hungarian leadership and, among other things, about introducing the new tax system. He mentioned that preparations are under way to increase interest in performing efficient and high quality work. Sir Howe also demonstrated that he understood Hungary's difficulties when he gave concrete examples of such preparations by describing how, in recent years, the British has succeeded in rehabilitating bankrupt enterprises and in making British industry competitive.

In the course of the plenary talks held after the working breakfast, both sides stressed that political relations between the two countries are undisturbed and that the sides aim at accomplishing a similar high level in economic relations. The hosts said that it will be necessary to establish the conditions required for this. The British Government is unable to convince enterprises to conclude business deals with Hungary if these are not profitable for them. Establishing mixed enterprises and widening cooperation are of mutual interest.

The British participants confirmed that they will reduce visa requirements. Hungarian leaders who play an important role in political, economic, scientific, and other relations will be able to count on getting visas right away, whereas businessmen and enterprise managers will be able to receive multiple entry visas to the UK valid for 6 months. A scientific scholarship fund named after Sechenyi was established in London, and a prize will be awarded annually to a Hungarian expert with outstanding achievements.

Karoly Grosz said that Hungary started its talks with the EEC at the behest of the British, as well as others. The results have not been adequate so far. The Hungarian Government is patient, it is flexibly looking for solutions, and it is willing to guarantee that Hungarian enterprises will not in any way disturb prevailing market conditions. At the same time, Hungary will not relinquish the rights obtained from its subscribing to GATT. Sir Howe remarked that when the foreign ministers begin their talks in Brussels, they always agree on the need to make haste in concluding agreements, but this intention is slowed down when the economic and trade experts convene.

Speaking about the international situation, both guest and host concurred that many promising developments are evident. Improvement in Soviet-U.S. relations, and the willingness to reduce strategic arms and solve the issue of Afghanistan are an important part of these developments. Sir Howe said that Mikhail Gorbachev, and people like U.S Secretary of State George Shultz, UK Prime Minister Margaret Thatcher, and MSZMP General Secretary Janos Kadar have an important role in easing the international situation. Concerning Soviet endeavors, Sir Howe said that despite positive changes, he personally thought that caution and "alert optimism" are justified. In his reply to this, Karoly Grosz said that time and Soviet policy will disperse reservations. Grosz took the stand that if civil war erupted in Afghanistan as a result of lack of compliance with the agreements, it would set back the opportunities to solve regional crises by political means by many years.

Sir Geoffrey Howe's residence is not far from the Hyde Park Hotel where the Hungarian premier is staying. After a short drive, Grosz was already holding talks with Neil Kinnock, leader of the Labor Party, Her Majesty's opposition party. Kinnock became party leader almost 5 years ago, and he is considered a determined and resolute politician who has made significant progress, in reestablishing party unity and shaping a balanced political line. His visit in May 1985 was the first by a Labor Party leader.

Grosz briefed the politician on the goals of his visit and said that Hungary would like to make use of the opportunities offered by the British to build relations. Neil Kinnock said that his party is in favor of expanding UK-Hungarian relations.

Following this conversation, Grosz paid a visit to the Headquarters of the Association of British Chambers of Commerce, the major body representing the interests of British producers. Mrs Thatcher's government and party maintain close ties with the confederation. The positions held by the confederation are very important feedback used for determining the implementation of government measures.

After the welcoming remarks by Sir David Nicolson, president of the Association of British Chambers of Commerce, roundtable conference opened in the Hall of the Presidium, a conference to which leading representatives of several British enterprises were invited and was attended by several members of the premier's entourage. After the meeting, Grosz described it as extraordinarily useful, and expressed hope that the results of this exchange of opinions will be evident soon in the hard facts of cooperation.

In front of the confederation headquarters Grosz boarded an Ikarus bus which took him to a meeting with Lord Young of Graffham, UK secretary of state for trade and industry. (The Ikarus Enterprise has sold 37 luxury buses in Great Britain. The number of buses sold by 1992 will reach 800.) Grosz' and the UK minister agreed unanimously at their talks that it is possible to raise industrial and trade relations to a higher level and expand them in many ways. Lord Young of Graffham drew attention to the fact that the efforts of the British enterprises are almost exclusively focused on satisfying the interests of the consumers, and this will evidently affect cooperation between UK and Hungarian enterprises.

Following this, Grosz paid a short visit to the shelter used by the British Government during World War II, and then drove to 10 Downing Street, the residence of the prime minister. Margaret Thatcher welcomed Grosz at the door. Laszlo Kovacs, deputy minister of foreign affairs; Matyas Domokos, Hungarian ambassador to the UK; and L. V. Appleyard, UK ambassador to Hungary attended the talks which began after the "compulsory" photographs had been taken.

The UK prime minister recalled in remarkably warm words her 1984 visit to Hungary, and added that the world had witnessed significant developments since then. The talks between Karoly Grosz and the British prime minister focused on major international processes. Mrs Thatcher gave a considerable amount of attention to analyzing the situation in the Soviet Union, and that of the European socialist countries in general. She said that the Soviet changes might have a significant effect on the reform processes in the socialist countries. She spoke with appreciation about Mikhail Gorbachev's consistence, but did not hide her surprise at the noteworthy opposition Gorbachev's endeavors have encountered in the Soviet Union. In the course of praising Hungarian conditions and endeavors, she stressed that Hungarian initiatives have been favorably received in the world for many years.

The Hungarian premier conveyed Janos Kadar's personal greetings and then observed that he was happy to find that London showed great interest in Hungary. He said the following: "It is in our interest to provide a real picture of our situation, because we are counting on long-term cooperation. We have failed to implement structural change in our economy, and this is one of our mistakes. We are running out of reserves, and we need new means; implementing the principle of interestedness in a more efficient manner is one of these means. We intend to reduce the role of the state in the economy. Some 60 percent of our national income is at present redistributed by the budget; this is too much and the enterprises are unable to develop adequately." Mrs Thatcher interrupted and said that for a long time her experience has been that all the people everywhere expect too much from the state. She added that during a televised interview, when asked how she could further support British industry, she answered that the time had come for the British industry to support the government.

In connection with the talks between Hungary and the EEC, Karoly Grosz confirmed that Hungary accepts the principle of gradualism, but it will not make any concessions on principles. Grosz delivered a written invitation from Karoly Nemeth, president of the Presidential Council, to Queen Elisabeth II, and then invited Mrs Thatcher to visit Hungary. Karoly Grosz and Margaret Thatcher agreed that the premiers of the two countries will perhaps not have to wait another 4 years for a personal meeting.

After his meeting with Margaret Thatcher, Grosz found an opportunity to meet at his hotel with representatives of the British Conductive Education Association. MAGYAR HIRLAP readers can already guess the reason for this meeting, because we have regularly reported on the fact that the Peto Institute, that is, the Budapest Institute for the Training of Staff for and Educating Motor Disabled People has achieved great fame in the UK. The Peto Method could mean hope for 15,000 to 20,000 children who live in the UK. Between 40 and 50 sick children from the UK are currently being treated at the Budapest Institute. Thanks to the generosity of the BBC and the British press, the institute has a good reputation. Among expert institutes, the Department of Psychology at the Birmingham University was the first to notice the Peto Method; it is to be hoped that close cooperation will be established. In the present academic year, 10 British instructors are studying in Budapest. The British Government has recently contributed more than 300,000 pounds to the Birmingham institute in order to scientifically develop conductive pedagogy. In addition, the Peto Institute was also mentioned in the Howe-Grosz talks. The premier has guaranteed government support for the efforts of the institute, including its endeavors to internationalize the method. The Hungarian Government agreed to extend its patronage over the establishment of an international Peto Society.

In the evening, Margaret Thatcher hosted a gala dinner at 10 Downing Street in honor of Karoly Grosz. Toasts were delivered at the dinner.

Gives Toast at Dinner

AU1105144088 Budapest MAGYAR HIRLAP in Hungarian 6 May 88 p 3

[Toast by Karoly Grosz, chairman of the Council of Ministers of the People's Republic of Hungary, at a festive dinner hosted by Margaret Thatcher in London on 5 May: "Karoly Grosz: The Determination To Broaden Our Relations Is Mutual"]

[Text] On behalf of my entourage and myself, I would like to thank you, Madame Prime Minister, for your invitation, your cordial reception, and for the compliments with which you praised my country, the Hungarian people, and the efforts of the Hungarian leadership.

Your February 1984 talks in Hungary opened a new chapter in UK-Hungarian relations and have had a comprehensive and incentive effect on the development of our cooperation. Not only do your official partners willingly recall the interesting and useful exchanges of opinion with you at these talks, but also the pleasant events of your unofficial program—the visit of "the UK's first housewife" to the Budapest Central Market among them—continue to live in the memory of the Hungarian public.

Janos Kadar's October 1985 visit to the UK further strengthened the mutual understanding and confidence between our countries, and further improved our opportunities for broadening cooperation. In recent years, and as a result of these high-level visits and the regular meetings and talks held by representatives of the Hungarian and UK government organs, our economic and trade relations and our scientific, technological, and educational relations have improved considerably. We have also concluded several agreements between our governments and institutions.

In the course of our meeting today, I was pleased to acknowledge the interest and understanding you and your government showed for the situation in Hungary and for the endeavors of the Hungarian leaders. I also take satisfaction in the fact that our evaluation of the present and future of our relations is similarly favorable, and that both our governments share a determination to broaden and intensify our cooperation. I also have the feeling that we share the same intention to encourage the broadening of cooperation between institutes and enterprises as well as relations between people.

In 1987 we concluded an educational, scientific, and technological agreement which enabled the British Council to resume activities in Budapest. We highly appreciate the British contribution to the bilingual secondary school education recently introduced in Hungary. We are convinced that success in improving the teaching of technical English in our institutes of higher education, which is to be achieved with British assistance, will also be mutually beneficial in the long run. We are also grateful for the special interest and publicity the British side granted to our Peto Institute. I would like to take this opportunity to express my hope that, with the support of the UK Government and other interested institutions, we would be able to accomplish our aim of establishing the International Peto Society. This would enable us to help motor-disabled children in many countries in the world by international collaboration.

In the course of meetings between UK and Hungarian leaders, we often mention Count Istvan Sechenyi, one of the outstanding characters of 19th-century Hungarian history, who conducted an intensive and on-the-spot study of the economic and social conditions prevailing in England at the time and who attempted to transfer to Hungarian reality the experiences he had gained in the areas of science, industry, economy, transportation, and public thinking. I think that with its economic and scientific achievements, Great Britain also presently offers Hungary rich experiences and lessons.

When you visited Hungary, the international situation was characterized by tensions and uncertainties. When Janos Kadar visited London, a meeting between the leaders of the United States and the Soviet Union was already within reach. Our meeting is taking place in a much more favorable international atmosphere, and I find this reassuring and promising. The favorable developments in Soviet relations, the resumption of dialogue at the highest level, and the consequent agreement on the elimination of the intermediate- and shorter-range nuclear missiles all met with the satisfaction of our people. We are convinced that the agreements that have just been concluded on settling the issue of Afghanistan can set a good example for a way to solve other regional conflicts, too. We are confident that all these developments will have a favorable effect on the entirety of world politics, reduce the danger of confrontation, and improve the prospects for peaceful cooperation.

We for our part also consider it promising that the CSCS process under way in the recent period of nearly 1 and 1/2 decades has proved its viability. We are convinced that it is in the common interest of all the countries which participate in this process to conclude the Vienna follow-up meeting as soon as possible with concrete and substantial agreements which will contribute to strengthening European security and intensifying European cooperation.

In the course of our talks with the prime minister and the state secretary for foreign affairs today, we exchanged opinions on the most important issues of international politics with an openness which is already characteristic of Hungarian-UK meetings. Naturally, our positions on several issues were different.

However, we agreed on quite a few points and, starting from these, we will be able to make joint efforts which will contribute to the well-being of our peoples, further ease international tensions, and promote the cause of peace.

The experiences of recent years prove that every single country—small or big, part of a system of alliance or not—has its own role in contributing to the emergence of a situation in which relations between states and people will be characterized by constructive partnership and mutually advantageous cooperation.

The favorable development of the international political atmosphere and of the international economic environment is vitally important for Hungary. This is the reason why—both at bilateral talks and in the international forum—representatives of my government are calling for the establishment of unrestricted trade relations and the widening of mutually beneficial economic cooperation.

Our program of economic and social stabilization and of development based on this stabilization aims at relying even more than before on resources inherent in international economic cooperation. Hungary is also totally open in this respect: We will cordially receive every foreign partner who would like to participate in renewing our economy on the basis of mutual advantage. I hope that my visit will focus the attention of British Government circles, banks, and enterprises on the wide range of opportunities to join our economic program.

Lorand Eotvos, the world-famous Hungarian physicist, said in his inaugural speech as the president of the Hungarian Academy of Sciences about a century ago: "Nations do not work on different sciences; they are collaborating on the construction of one building." I am convinced that this is also true nowadays, and not only of science. In the spirit of this idea, I raise a toast to Her Majesty Queen Elisabeth II; to you, Madame Prime Minister; and to the people of the United Kingdom, so that together with the other nations we will continue to work on building our common homeland, Europe, and a happier world.

Interviewed on Talks

AU1105103688 Budapest MAGYAR HIRLAP in Hungarian 9 May 88 pp 1,3

[Interview with Premier Karoly Grosz by Dezso Pinter: "We Will Make Use of the Confidence Expressed in Our Policy—Successful Talks in Great Britain—We Have Continuously Good Relations"—aboard the aircraft on the return home from London on 7 May]

[Text] We gladly cooperate with any country in Western Europe and anywhere else which establishes relations based on equal rights and mutual interests, Premier Karoly Grosz said in an interview with MAGYAR HIRLAP at the conclusion of his visit in Great Britain, aboard the aircraft returning home on 7 May.

[Pinter] Prior to your trip to London, you said you intended to learn and not just to talk during your few days in Great Britain. What did you succeed in learning?

[Grosz] First of all, I saw a new way of thinking. Great Britain is one of the most developed economic powers in the world, and it was extremely informative for us to see how such a power evaluates the economic processes in the world.

[Pinter] You had a lengthy discussion with leading British financial experts. Did you discuss the possibility of new credits or the preparation of such credits?

[Grosz] No, I did not discuss credits, but not because our partners were not ready for this. The atmosphere of the talks showed, and the participants even said, that there is support for our needs in this area. We thought, however, that we did not need this at the moment.

[Pinter] You spent hours at the Bank of England and very little information reached the press about your talks there. What did the heads of the bank, which is responsible for the implementation of the British Government's financial policy, ask the Hungarian premier?

[Grosz] First of all, they wanted to know about the solvency of the Hungarian People's Republic in 1988 and in the coming years. I was glad to tell them that we have no major problems in this respect for 1988. This year, we need close to $2 billion credit, and, out of this sum, $1.7 billion are already guaranteed. The remaining $300 million which is lacking at present will be secured by the end of the year through various financial transactions. We think that our negotiations with the IMF will provide us guarantees for 1989 and 1990.

The other subject that the British bankers were interested in was the development of the Hungarian banking structure, and whether last year's experiences justify the establishment of a two-level banking system? I told them that we have not had enough experience yet to draw final conclusions, but our initial impressions are favorable. In 1987, the Hungarian commercial banks carried out an extremely valuable economic organization activity, and it seems to me that they met the challenge. As for their extremely high profits in 1987, I do not consider this a result of weaknesses in regulations, but the result of the fact that the banks reacted sensitively to the needs and demands of our economy in the past decades.

[Pinter] What concrete results can we expect after your talks with British experts?

[Grosz] First of all, I feel there is support for the activity of joint enterprises. Even during lunch, several bankers came up with quite concrete programs and projects in which they see cooperation possibilities. For example, the president of one of the banks said that research in drugs to combat circulatory disease is of a very high standard in the Hungarian People's Republic. They would gladly join this activity both with financial and intellectual capital. In addition, several proposals were made for us to join various scientific and pharmaceutical research programs for which the banks would provide

financial assistance. Thus, we received not only general promises for support but also concrete proposals. Of course, it is not the task of a premier's visit to judge the professionalism and financial profitability of these proposals, but it is our job to encourage these ideas and activities.

[Pinter] Among the capitalist countries, Hungary has generally developed economic cooperation with the German-speaking countries. It seems that the government intends to expand its relations with other capitalist countries at a more accelerated rate. Is there readiness for this abroad and what manifestations of this will there be in the future?

[Grosz] It is true that traditionally and historically we developed practical methods of cooperation with German-speaking areas, but we intended to develop our relations with other countries by maintaining our excellent relations with Austria and the FRG. We did not notice great readiness for this before. Great Britain was the first country to react openly to our idea. At the same time, one has to take into account the fact that these countries have a different economic order and a different structure from ours. Government will is very important, but it cannot replace the enterprises' intentions and decisions. Therefore, while the British Government supports cooperation, there is still a lot of work ahead in order to implement this on the enterprise level on the basis of mutual interests. The emphasis is on the need to establish practical cooperation on the basis of mutual interests.

Besides, we intend to open up to Western Europe to the full extent, because our openness toward Eastern Europe has been well known and clear for decades. It neither substitutes nor reduces our openness to East Europe if we also expand our economic relations with Western Europe. I am convinced that we must make use of this opportunity and this confidence manifested toward the Hungarian policy to widen our economic relations.

National Interests and International Norms [subhead]

[Pinter] The issue here is, obviously, not only the capitalist countries in Western Europe, but generally the capitalist countries all over the world.

[Grosz] Indeed. It would be a mistake to limit ourselves to certain geographical boundaries. We gladly cooperate with any country on other continents which establishes relations based on equal rights and mutual interest. We are convinced that this is in our national interests and in accordance with the general international norms on the basis of which a country has to work today.

[Pinter] In her talks with you, Mrs Thatcher made a lengthy analysis of the situation of the socialist countries. Were there new elements in this evaluation?

[Grosz] Mrs Thatcher is extremely interested in the changes under way in the socialist world, particularly in the Soviet Union and in events in Poland, which is understandable since according to recent reports there are new conflicts there. What I felt, and I say felt because I knew about her ideas only from her statements, is that the British prime minister is well-versed in these issues. Her clear-cut position is that one should cooperate with the socialist world and that the changes currently under way in the Soviet Union will affect relations with the socialist countries. It would be very difficult to tell whether this can be considered new, but, in any case, it is worthy of our attention: Mrs Thatcher is interested in the economic reform efforts of the socialist countries, and in the ability of these countries to coordinate market laws with the socialist planned economy and public property. This subject took up a considerable proportion of our talks.

[Pinter] In addition to your official visit, you also visited the farm of a Hungarian businessman who has been living in England for a long time. I think that there are people who were surprised that the Hungarian premier visited a fellow Hungarian who has been living abroad for decades. Can I conclude that the visit is some kind of signal directed to the Hungarian emigrees?

[Grosz] We are talking here about the further development of a decades-old practice and intention. Mihaly Kovacs left Hungary in 1948. In the ensuing decades, he carefully cultivated his contacts with his homeland, and when he heard that we were coming to Great Britain, he sent us an invitation. I felt we had to honor this invitation, first of all because we think it is the responsibility of the Hungarian Government to cultivate relations that must be maintained between our compatriots living abroad and the motherland. If they show the correct openness toward the current efforts of the Hungarian policy and practice, then we have to reciprocate. Kovacs is active in the economy, and this is a new factor in the relations with the emigrees. While, earlier the emphasis was primarily on fostering national culture and safeguarding the values of our language, today these relations, as well as the cooperation, also have a favorable effect on the economy. Besides, Kovacs made a very nice gesture when—to reciprocate our visit, I think—he offered to set up a $250,000 foundation to finance the studies in Great Britain of talent Hungarian economic and financial experts. He thinks that this money should be invested in areas that bring good profits, and would make it possible for one or two talented Hungarian economists to study each year the London Stock Exchange, the structure of the London financial world, and the British economic organization activity. Kovacs asked me to accept the patronage of this foundations, and I will gladly do so. I believe that many other people will follow this exemplary attitude, because Hungary needs not only to create financial possibilities on the world market but also to be able to make proper use of these possibilities. All this also requires an increase in

intellectual capital, and this cannot be achieved just at the domestic level. For this, we must be open to the world and to the processes under way in the world.

A Week Full of Events [subhead]

[Pinter] Your visit to Great Britain has just ended, but here on the plane I hear you already speaking with some of your entourage about next week's tasks.

[Grosz] We are talking not only about next week's tasks, but also about next months tasks. On 8 May there will be a day-long government session on financial and economic issues. Now that we have reliable statistics, we can review the results of the first 4 months of the year. We will consider the necessary measures to continue our positive balance. The first 4 months have been particularly successful, primarily from the viewpoint of our international balance of payments. On 9 May we will continue the same discussion at a larger meeting. On the same day, I will attend and address the general meeting of the Hungarian Academy of Sciences, and in the afternoon I will receive the leading representatives of the Hungarian-Japanese Economic Club. On 10 May there will be a Central Committee meeting, and on 11 May I will meet with the ambassadors of the EEC countries. This is part of our traditional relations, because several Hungarian leaders participate in such meetings from time to time. I do not have a calendar here, so I cannot give you more details, but I am facing eventful days.

Kovacs on Visit

AU1105133088 Budapest MAGYAR HIRLAP in Hungarian 9 May 88 p 3

[Statement by Deputy Foreign Minister Laszlo Kovacs: "Separate Statement by Deputy Foreign Minister Laszlo Kovacs—We Have Continuous Good Relations"—date and place not given]

[Text] Karoly Grosz is the first premier of Socialist Hungary to pay a visit to the United Kingdom. However, this visit is not a turning point in the history of Hungarian-British relations. On the contrary: It is well in line with the series of high-level dialogues that characterize the tranquility of our relations, which started with Margaret Thatcher's visit to Budapest in February 1984 and continued with MSZMP General Secretary Janos Kadar's visit to London in October 1985. Accordingly, the current talks expressed the continuity of our good relations and continued mutual interest in expanding our relations. At the same time, however, Hungary's efforts to solve its economic difficulties, efforts that are followed with attention and sympathy all over the world, and the favorable international processes show that the atmosphere is different that at previous meetings.

An Authentic Picture [subhead]

The most important result of the visit, both from the viewpoint of international assessments of Hungary and the development of Hungarian-British relations, is that the British prime minister and several members of her government, as well as the heads of British banks and large-scale enterprises received an authentic picture of Hungary. They also received answers to the doubts they must obviously have had lately about our efforts for economic development. They reacted not only with understanding but also with sympathy to Premier Grosz' observations on our concepts of increasing the employees' interests, improving the conditions of capital mobility, and increasing involvement of active foreign capital. These people repeatedly mentioned the fact that in many respects the current difficulties facing the Hungarian economy are similar to British problems of some years ago. Although since there are basic differences in our economic systems, we cannot, or can only partially, apply the British solutions that Karoly Grosz examined closely, the consistency in implementing of these solutions and the conscious acceptance of the inevitable difficulties inherent in the modernization of the economic structure can be good examples for us.

It is encouraging that both the Hungarians and the British emphasized the importance of expanding our economic cooperation and our mutual interest in this respect. By directing the hosts' attention not only in general terms to Hungary but also to concrete possibilities of foreign involvement in our economic development efforts, the premier's visit will probably give considerable impetus to such cooperation. The participation of the heads of several important Hungarian industrial and trade enterprises in the premier's entourage was intended, as a new way, to exploit the new opportunities as soon as possible.

Concrete Results [subhead]

Although such high-level visits have a primarily indirect and long-term effect on the development of relations, we also have concrete results to report. The British side timed the announcement on easing visa requirements with Premier Karoly Grosz' visit; the Hungarian side has urged this for a long time and the new visa regulations will simplify business travel between the two countries. The establishment of a foundation named for Szechenyi [Hungarian statesman and scholar] and aimed at making it easier for outstanding and talented young Hungarian scientists to study in Great Britain was also announced during the recent visit. At the request of the Hungarian premier, the hosts also promised to judge more favorably than before the issuing of work permits for Hungarian experts who go to Great Britain as part of joint ventures. The current visit also provided an opportunity for the Hungarian side to tell the hosts that the Hungarian Government is following with great attention and supports the expansion of the Peto Institute engaged in the so-called conductive instruction, and that the Hungarian Government is counting on international support in this

effort. The Peto Institute is engaged in the instruction of physically handicapped children, and it has rightly deserved good reputation in Great Britain, too.

Premier Karoly Grosz did not miss the opportunity to state the Hungarian position on Hungarian-EEC relations to the heads of one of the most influential EEC members. He pointed out that Hungary is a flexible and patient negotiating partner. It wants to reach an agreement, but only by mutually taking the interests into consideration. Hungary refuses to give up its right to trade free of discrimination, a right stressed when it joined GATT 15 years ago.

Points of Contact [subhead]

Of course, Premier Karoly Grosz' visit has contributed to more than just promoting bilateral relations. The talks provided the opportunity to review major international issues and to reveal points of contact. It was agreed that further mutual efforts are needed to curb armament, settle local crises, and improve East-West relations. Both sides stressed the importance of the Helsinki process and the need to successfully conclude the follow-up CSCE conference in Vienna. At the beginning of the eighties, amid dangerously tense world political relations, Hungary and Great Britain played an exemplary active role in preserving the East-West dialogue. The current talks confirmed the fact that, making use of the opportunity deriving from a more favorable international situation, both countries intend to continue their efforts to render the positive processes irreversible.

NEPSZABADSAG Commentary

AU1105111688 Budapest NEPSZABADSAG in Hungarian 9 May 88 p 3

[Editorial by Peter Sereny: "The Visit to London"]

[Text] Human elements play a role in politics. Therefore, it was an important event when, greeting Premier Karoly Grosz at 10 Downing Street in London last week, Prime Minister Margaret Thatcher recalled vividly her visit to Hungary 4 years ago (her visit to Szentendre, the Big Market Hall, and the open atmosphere of the Hungarian life.) In his talks with Premier Karoly Grosz, Sir Geoffrey Howe, the British secretary of state for foreign affairs, expressed the British people's interest in Hungary with the following humorous remark: He said that he had sent a good friend to head the British Embassy in Budapest, and he would not have sent a personal friend there if the post were not an interesting one. Although it is not customary, the British journalists at the press conference at Hyde Park Hotel received the open-hearted Hungarian politician with applause.

In continuing the dialogue begun by Margaret Thatcher and Janos Kadar, Premier Karoly Grosz experienced great interest and sympathy toward Hungary in London. This great interest is primarily directed at the Hungarian leadership which is experimenting with new and untested forms of socialist construction. Prime Minister Margaret Thatcher, who is following reforms in East Europe and particularly those in the Soviet Union, with great attention, made this quite clear during the talks. The sympathy—in addition to all this—is directed primarily to the fact that when the world political atmosphere became cooler in the first half of the eighties, with its limited opportunities, Hungary was able to become a partner for Great Britain in maintaining the East-West dialogue, and, during his current talks, our premier expressed high appreciation for London's efforts at that time. (Reviewing the favorable political developments in the world today, the Soviet-U.S. agreement, the emerging 50 percent reduction of strategic missiles, and the road leading to the withdrawal of Soviet troops from Afghanistan, Sir Geoffrey Howe mentioned the contribution of three politicians, in addition to the outstanding role played by Mikhail Gorbachev: George Shultz, Margaret Thatcher, and Janos Kadar.)

It is no wonder, therefore, that Karoly Grosz, who also favors straight talk, got along well with Margaret Thatcher who does not believe in paperwork negotiations, prefering lively and real talks that are clear and to the point. At his talks at 10 Downing Street, as well as during his talks with British political and business circles and with the heads of the big banks, Premier Karoly Grosz made use of this opportunity to provide first-hand information about the Hungarian Government's economic policy concepts and, at the same time, to acquaint himself with British structural changes and with the factors in Hungary that hinder greater development of bilateral economic cooperation. This is all the more so because the Association of Industrialists is showing interest in joining our programs of modernization.

Of course in Great Britain, a capitalist country, the government does not have a direct say in business life. But there is no bank or large-scale enterprise in Britain which does not follow closely the extent to which the government respects—or disregards—a potential business partner. From this point of view, it is very important that Karoly Grosz summed up his talks with Mrs Thatcher and the members of her government as follows: They consider our system as one capable of renewal, open to valuable thoughts, and ready for cooperation; they consider our problems and difficulties to be temporary and solvable; and they have confidence in the Hungarian leadership and support our efforts.

This confidence and support are all the more valuable since it was Margaret Thatcher herself who—paraphrasing Szechenyi—promised that "Great Britain would do a lot to help you." This was said by a politician who enjoys outstanding respect in the Western world not only due to her record time in office but also due to the achievements of her government. One is therefore justified in hoping that her special influence will be felt beyond the borders of her own country, and thus, also when the issue

is the successful conclusion of Hungarian-EEC negotiations or the discussion of the Hungarian programs by the World Bank and the IMF. Margaret Thatcher has promised her support in both issues.

Prior to the Hungarian premier's visit to London last week, the talks were expected to give an impetus to the development of Hungarian-British relations, and to contribute to the the East-West dialogue and the strengthening of confidence. At the conclusion of his talks, Karoly Grosz said that his talks fulfilled these expectations. Thus, in the midst of the political dialogue that we can say has become traditional, we can now expect an increase in the economic and the other areas of our cooperation, too. In any case, our premier invited Margaret Thatcher to pay a visit to Budapest. We are looking forward to the soonest possible continuation of dialogue in Budapest.

Deputy Industry Minister Requests Reassignment

LD1005230188 Budapest Domestic Service in Hungarian 1630 GMT 10 May 88

[Text] Deputy Industry Minister Sandor Bognar has been relieved of his duties. The Council of Ministers made this decision at Sandor Bognar's request. The former deputy minister is to be given another important assignment.

Correction to Grosz Meeting With Press in UK

The following correction pertains to the item subheaded "Meets International Press 6 May," under the headline "Grosz Continues Official Visit to UK," published in the 9 May East Europe DAILY REPORT on page 26:

Page 26, column two, after paragraph four, add:

...on international relations.

We are working on the modernization of the Hungarian economy. We would like to increase its efficiency, to raise its competitiveness to a higher level. This is why we intend to attract foreign capital, as well as technology, and in this we also count on the creative participation of British enterprises, banks, and institutions.

I have endeavored to use our discussions to illuminate our stance toward the negotiations we began years ago—after British encouragement, as it happens—with the European Economic Community. At our discussions I said that Hungary is a patient negotiating partner, is flexibly looking for a solution satisfying both sides, but we are not prepared to renounce our rights guaranteeing discrimination-free trade. This right was recognized in 1973 when we joined GATT. I expressed thanks for the British support enjoyed so far, and expressed the hope that we will be able to count on this cooperation in the future. [end recording]

The first question at the press conference was put by Endre Aczel, correspondent of Hungarian television.

[Begin recording] [Aczel] At the Stock Exchange, were you asked whether a stock exchange would be established in Budapest, and if so, what answer did you give?

[Grosz] Yes, I was asked about this, and my answer was that as soon as we have created the conditions for it, there would be one.

[Journalist] Gabor [word indistinct], Hungarian radio. You mentioned that you discussed relations between Hungary and the EEC. On what did Mrs Thatcher and you agree, and where did you differ on this issue? Secondly, Hungary has an agreement with several European countries regarding the mutual abolition of the need for visas. Does this possibility exist in relation to Hungary and Great Britain? Was this discussed, and did you succeed in reaching some agreement on this question?

[Grosz] The prime minister supports the Hungarian position. She did so earlier, and she is consistent. She accepts our position: Until we receive the quota list on a permanent basis, we cannot adopt any other position other than that discrimination should gradually disappear by 1998, beginning in 1992. It seems that the family disagreement within the EEC regarding an evaluation of Hungary is not yet ended. The abolition of the need for visas was also discussed. Currently we are experiencing various concessions; these will come into force in the next few days. The evaluation of the representatives of the British government is that we cannot yet secure even the exemption that we agreed earlier with the FRG. [end recording]

The correspondent of...(supplying missing passage)

Strike Ends as Workers Return to Shipyard May 12

Normal Work To Resume 12 May

LD1105104488 Warsaw PAP in English
1005 GMT 11 May 88

[Text] Gdansk, 11 May—PAP local correspondent reports that the general manager of the Gdansk shipyard, Czeslaw Tolwinski today announced that in view of the termination of circumstances which made normal work impossible and were the cause of suspending the operation of the yard, normal work of the yard will start on May 12.

In this connection, the director obligated all the employees to report in their workplace on May 12.

'Majority' of Workers Return

LD1205112788 Warsaw PAP in English
1045 GMT 12 May 88

[Text] Gdansk, May 12—In response to an appeal by the Gdansk shipyards' director to resume regular work in that largest plant on the Polish coast as of May 12, the majority of the 11,000-strong crew has shown up. From early hours construction and furnishing work was taken up on 9 ships recently launched 5 ship-hulls mounted on shipways. [sentence as received]

In the hulls department K-2 preparations are under way for the installation on Thursday of the first keel for the construction of a modern fishing base, first in a series designed for the Soviet Union. Processing capacity of these vessels will reach 10,000 of fish tins a day.

Envisaged in the shipyard's plan for this year is the sale of 10-11 ships, including a cold storage vessel "Podlasie" meant for the Szczecin-based transocean, other fishing bases of the B408 type and the third seagoing yacht for the Soviet Union, as well as the second ro-ro carrier to be delivered to Finland.

The shipyard's management is busy discussing how to make up for the delays, estimated to amount to some 500,000 of work-hours which equals the capacity of constructing a medium sized ship.

Lenin Shipyard Begins Work

LD1205074088 Warsaw Domestic Service in Polish
0600 GMT 12 May 88

[Text] Our correspondent reports that 2 hours ago—at 0600—the first shift started work in the Gdansk Lenin Shipyard, thereby resuming the daily functioning of the enterprise.

Walesa Invited To Return To Work

AU1105133588 Paris AFP in English
1330 GMT 11 May 88

[Text] Warsaw, May 11 (AFP)—Solidarity leader Lech Walesa said Wednesday that he and fellow strikers from the Lenin Shipyards in Gdansk had been invited by management to return to work Thursday after the collapse of their nine-day strike.

The management decision seemed to confirm undertakings given by Polish authorities to Gdansk Bishop Tadeusz Goclowski that all strikers would be given their jobs back and that none would face prosecution. The bishop played a role of mediator in the dispute.

Strikers arrested and sentenced to prison terms for their part in another stoppage at the Nowa Huta steelworks, in the south of the country, would probably also be freed shortly, Mr Walesa told a press conference in the Baltic port.

The strike at Nowa Huta was ended on May 5 when police took over the steelworks, occupied by workers.

"Nothing is over. If need be we shall start again," Mr Walesa told the press Wednesday after leaving the shipyards Tuesday evening at the head of the strikers amid shouts of "No freedom without Solidarity."

Looking tired, the leader of the banned trade union said that the workers' movement had been "strengthened" by the recent wave of strikes here, the most serious since the imposition of martial law in 1981. The strikes were called to back demands for higher wages and re-instatement for workers sacked for unofficial union activities.

The leader of the strike committee in Gdansk, Alojzy Szablewski, for his part paid homage to the courage of young workers at the shipyards who, he said, had been prepared to fight it out.

"We are proud of having such a youth," he told the press conference.

Walesa Describes Strike as 'Lesson'

LD1105125488 Hamburg DPA in German
1148 GMT 11 May 88

[Text] Gdansk (DPA)—Following the end of the strike, the management of the Lenin Shipyard in Gdansk has called on the workforce to return to work as normal tomorrow. Lech Walesa, chairman of the banned trade union Solidarity, who yesterday evening left the shipyard together with the strikers, told journalists that he had today been telephoned by his shift leader and asked why he had not appeared.

Walesa described the strike as a lesson from which the government and Solidarity should draw conclusions. Solidarity is in a position to develop great force toward

strengthening the country but also "to strike like a thunderbolt." Walesa admitted that the strike had been started too soon and he did not exclude the possibility that the start had been provoked. They continued to lead the strike without any guarantee of success. Long before the strike, he had, "as a worker and chairman of Solidarity, felt the workforce's great pain and discontent." He feared uncontrolled acts of desperation.

At his news conference in a room at the St. Brygida Church in Gdansk, Walesa said that the strike had been about pluralism and Solidarity from the start. Only pluralism could guarantee reform. Even on the last day of the strike, 90 percent of the participants were against ending it. They had to use a lot of convincing words "so that people will understand that Solidarity cannot always go forward but sometimes must go sideways or even take a step backward."

Solidarity 'Myth' Ends

LD1105164388 Warsaw PAP in English 1335 GMT 11 May 88

[Text] Warsaw, May 11—As we have already reported, the 400-strong group of people who had occupied the Gdansk shipyard left the yard's premises last night.

And thus, the myth about Solidarnosc's might has fallen. The might has turned out to be a small group which could not find support in big enterprises, including those in Gdansk, and even in the Gdansk shipyard itself.

The development of the situation has been determined by Polish society which, critical though it is, wants to solve its difficult problems in a climate of peace. Society wants to expand democracy and to broaden the formula of national accord but is aware that this cannot be achieved by means of street demonstrations and ruinous strikes.

History does not like to repeat itself. And this was exactly what the ageing veterans of Solidarnosc could not understand.

PAP on Gdansk Strike End

LD1105174788 Warsaw PAP in English 1542 GMT 11 May 88

[Text] Warsaw, May 11—As we have reported, last night a several-hundred-strong group of people who had occupied the Gdansk shipyard resolved to end their illegal strike and left the yard's premises. The organizers of the strike did not conceal their political aspirations and demands. Neither did the noisy propaganda campaign, supported by Western radio stations and news agencies with all their might as well as by certain governments of Western countries, nor the renewed appeals and calls for entire Poland to go on strike yield any effect.

Polish society refused to support calls for strike from leaders of the former "Solidarnosc" and declared itself against strikes. It supported the process of national agreement, socialist renewal, and implementation of economic reforms. Constituting a minute percentage of the total crew, the group that had occupied the yard felt mounting isolation with each passing day. Fearing to lose face, Western media were compelled to discern the fact that the handful of strikers was isolated by workers, even in Gdansk alone, the cradle of "Solidarnosc".

Under pressure from Polish society who wants to solve its difficult problems in peace and without strikes, and who value peace above all, the shipyard occupiers decided at last to "make themselves scarce" at the yard.

Urban Comments on Strikes

LD1005162388 Warsaw Domestic Service in Polish 1500 GMT 10 May 88

[Excerpts] Government Press Spokesman Jerzy Urban started his briefing for correspondents with a statement on the situation in Poland. He stated that in spite of the efforts by Western radio stations to create a psychosis—reporting that the whole country is starting to go on strike and that a new crisis has hit Poland—the strike and protest actions have not gained the support of the working class and society. We understand the impatience of people whose lives are difficult, the spokesman stated. The authorities are drawing conclusions from the situation. It is, however, a significant fact that people and groups prepared to trifle with Poland's fate have not succeeded in gaining wider support and in using dissatisfaction to derail the reform and renewal policy. The caution and feeling of responsibility displayed by the majority of society in this difficult period are creating the prospect for recovery, for further intensification and democratization of the course of the economic reform.

The May events, the spokesman emphasized, will encourage a more consistent development of the reforms, closely felt by society, as well as a more effective search for social approval of them. [passage omitted]

The spokesman discussed the attempts at mediation by negotiators on behalf of the church. He stated that their attempts in Nowa Huta had ended with the rejection of the proposals to end the strike and begin talks. That signified the failure of the mission.

The strike at the steelmill created catastrophic difficulties in supplying many enterprises and enormous losses in the whole economy. Those were the circumstances surrounding the militia's intervention, which was carried out so that the majority of steelworkers who wanted to work could do so, Jerzy Urban said.

Gdansk Bishop Makes Statement

LD1105175388 Vatican City International Service in Polish 1415 GMT 11 May 88

[Text] Now we have a news item from Poland. After the Gdansk shipyard strike ended yesterday the bishop of Gdansk, Tadeusz Goclowski, made the following statement, the text of which was given to us by the Polish Episcopate press office.

The strike at the Gdansk Lenin Shipyard ended today on the initiative of the striking Polish workers. I am happy about this.

At the same time, I expect the authorities will fully adhere to their announcements to date concerning the guarantees for the personal safety of the strikers and their continued employment. I also hope that the end of the strike will be instrumental in the freeing of the people who have recently been imprisoned in connection with the strikes in Gdansk, Nowa Huta, and other towns. [Signed] Tadeusz Goclowski, bishop of Gdansk

Shipyard Director Interviewed

LD1105173388 Warsaw Domestic Service in Polish 1405 GMT 11 May 88

[Interview with Czeslaw Tolwinski, director of the Gdansk Lenin Shipyard, by correspondent Andrzej Trojanowski; at the shipyard on 11 May—recorded]

[Text] [Trojanowski] Over the last few days it has been practically impossible for journalists to gain access to Czeslaw Tolwinski, director of the Gdansk Lenin Shipyard. But now we can talk in the director's office because, as we all know, yesterday the strikers left the premises of the enterprise and the shipyard gates are free and, I suppose, sir, this must have been your first night at home.

[Tolwinski] It is the first night after those nights spent at the yard. But I would like to begin our interview with an announcement. In connection with the circumstances that had prevented the normal operation and caused the suspension of activities at the Gdansk Lenin Shipyard, which no longer prevail, I announce the following: Normal activities at the Gdansk Lenin Shipyard are to be resumed as of 12 May 1988. I require all employees to report on 12 May 1988 at their work station. This is an official announcement in which I require the work force to return to the enterprise and resume normal work.

[Trojanowski] But even today I can see that the shipbuilders have already visited their work enterprise, without waiting for the announcement.

[Tolwinski] Today we are having a start-up day at the yard. Some 2,700 employees have reported for work. These employees are required to prepare the yard for its normal work starting the yard up takes about 12 hours. The oxygen, acetylene, and compressed-air installations and many other specialized sectors of our production activity have to be started up. That's one thing. The other thing is that the works premises have to be put in order and prepared in such a way that tomorrow can be a normal working day.

[Trojanowski] Tomorrow is a normal working day at Poland's largest shipyard, but how do you see the future of the firm which you manage?

[Tolwinski] The future of the firm will depend on the work force taking the initiative of intensive work. We estimate that the lost working time comes to approximately 500,000 man-hours. A preliminary estimate of losses, calculated today, comes to about Z2 billion. In the yard's conditions it is possible to make this up. We have ahead of us quite a few calendar days, working days, work-free days. Taking into account previous work-free Saturdays, during which the work force did do work, statistically, up to now between 1,500 and 2,000 people on average have been coming in. So with—let's call them work force mobilizing actions, and especiallv from the point of view of looking into the future—how the works is to continue operating, how it is to develop—I am optimistic that we are going to make it up. [as heard] Ahead of us is a plan to sell 11 ships this year, with most of that coming toward the end of the year. Ahead of us this year there are 11 launchings, so we have quite a bit to do. We have to cope with materials supply. Since the beginning of the year we have been having trouble in this field. Well, at present the problem of financing the yard's activity has increased. I think this is a matter of top priority. At the moment decisions reached by the president of the Polish National Bank and by the finance minister remain in force. I think that by demonstrating good work and making up, gradually making up production delays we shall be able to get ourselves out of this low.

[Trojanowski] Despite everything you sound quite optimistic, but around the city one often hears that the yard is about to go bust.

[Tolwinski] I would like my statement to be seen as realistic. In the past various things have accumulated, especially the end of the year, in December. But so far this year's goods plan does not envisage a production concentration in December but is comparatively evenly and [word indistinct] throughout the second 6 months. The realities are what they are. Ahead of us there is a mass of tasks and a mass of things with which we have to cope.

Strikes Said Undermining Defense

AU1105173288 Warsaw ZOLNIERZ WOLNOSCI in Polish 9 May 88 p 2

[Article by Lieutenant Colonel Andrzej Medykowski: "Who Has Gotten Into It by Accident? Who Is in It Body and Soul? Who Is Following Orders?"]

[Excerpts] It is impossible to make up the time that has been lost, and people should bear this in mind not only in their local, group, or even private interest, all the more since it is time lost for the Polish economy, that is, for our people, and is time gained by the so-called oppositionists—the motley crew of strike organizers hailing from the former Solidarity and other factions. [passage omitted]

The present strikes are a blow against economic reform, and he who cannot understand this cannot understand anything of the present economic reality. The present strikes are also a blow against Poland's international position and authority.

Another thing: We soldiers, and not only soldiers, should remember that strikes deal a blow to Poland's security and to our defense.

Willy-nilly, strikers have created an opportunity for those people to reveal themselves who not so long ago etched themselves in our memories as leaders in destruction. Many of them have again seen "their chance" and have found themselves in "their element." They are fulfilling alien orders, that is, they are acting with premeditation and consistency. They have learned little from the past. They continue to go against the grain and to sail their antisocialist boat with the help of the strong winds blown by Radio Free Europe, the VOA, and other subversive radio stations.

However, a decisive majority of the members of the workers class refuse to accept these games of the politics. In principle, normal work has been resumed in Nowa Huta when threats and pressures of the ringleaders have stopped. People in all plants countrywide continue to say that it is possible and necessary to legally reach an accord on workers issues without the spectacle of strikes.

This collective voice of common sense inspires optimism.

Time Said Against Instigators

AU1105171588 Warsaw TRYBUNA LUDU in Polish 9 May 88 p 2

[Anna Pawlowska article: "We Have Something To Defend"]

[Text] It is seldom the case that Eastern and Western views about Polish events are identical, but this time they are. No observer doubts that the wish to deliver a blow against the reform and democratization process and to unleash political unrest is the main reason why the antisocialist centers in Poland and their foreign instigators want to exploit people's concern for price hikes. The plan to speed up reform activities, the drawing up of the schedule of these activities during the second stage of the reform, and the fact that lessons have been drawn from the inconsistencies of the current changes have sounded the alarm for the so-called underground opposition structures. If now, when the public still distrusts the plans of the comrades, it will not be possible to rapidly fan new unrest and to undermine new economic concepts, then it may be too late tomorrow. When people begin to see that the economy is picking up and when new democratic achievements—if only the new electoral law on the people's councils—have consolidated it will be difficult to win people as a protective screen for activities to destabilize the country.

Strike organizers continue to maintain that they are fighting for economic reforms and genuine democracy. Their reform is the escalation of wage demands raised ad absurdum and backed by production stoppages. The demand that underground political structures, which are now being feebly protected by the trade union banner; the violations of the laws and social order; and exerting pressure against those who refuse to kowtow to usurpers are supposed to constitute true democracy. Strike organizers assert that they want a genuine dialogue and agreement by negotiations, but the thing is that only their voice would have to be heard in that dialogue, that negotiations would have to be limited to their dictating conditions, and that accord would have to be their diktat.

But they lack an assessment of the situation, not only because a patient government is not a weak government, but primarily because our people now have something to defend, although they are tired on account of the continued shortages and difficulties and although they are reluctant to put their trust in individual elements of the reform. They have to defend whatever has been achieved in the past few years and their clear future opportunities. The people also have the moral duty to protect the younger generation against attempts to draw it into a blind alley or recklessness and anarchy, from which it is at times difficult to escape and to return to normal creative life.

It is true that workers continue to strike and that students did strike, but these strikes are and were not in their interest. These strikes are the doing of those people who would like to reduce Poland to a situation from which no reforms could ever free it. Besides, these people continue to clearly promise in the interviews they give to sovereign radio stations broadcasting in Polish that even if they now fail, then perhaps they will succeed in 1 or 2 months.... However, time is against them, and in favor of reforms, social accord, and gradual development.

PAP Denies Strike Underway at Ursus Works

LD1105163988 Warsaw PAP in English 1332 GMT 11 May 88

[Text] Warsaw, May 11—AFP and REUTER want to save their face at any cost now after they have disgraced themselves by reporting two days ago on a strike in the Ursus tractor factory in Warsaw. Despite having been

dealt a lesson, these agencies continue their news juggling by reporting from Warsaw that a strike in Ursus continues though it is suspended.

In fact, there was no strike in the factory either on Tuesday or today. As we have reported last Tuesday several dozen people (Ursus employs 15,000 workers) had talks with the management. The group has already shrunk to a few people, while REUTER and AFP, quoted by the French RFI, show maniacal obstinacy in sticking to the false information. Do they believe that they will save their face by upholding the news about the suspended strike which was not there.

Sejm Socioeconomic Council Holds Session

LD0605161788 Warsaw Domestic Service in Polish 1400 GMT 6 May 88

[Text] The Socioeconomic Council attached to the Sejm is in session. It is preparing opinions on the government bill on special powers and prerogatives for the Council of Ministers. The discussion is in progress. Mieczyslaw Rakowski, the council's chairman, speaking at the meeting, stressed that the organizing of strikes is a blow against the economic reform and the progressing process of democratization of sociopolitical structures.

Immediately after the current news bulletin we shall broadcast excerpts of Mieczyslaw Rakowski's speech during the proceedings of the Socioeconomic Council of the Sejm.

Special Powers Bill Passed

LD1105151688 Warsaw Domestic Service in Polish 1500 GMT 11 May 88

[Excerpt] The Sejm has examined the government bill on special powers and prerogatives for the Council of Ministers, intended to speed up and guarantee the process of economic reform and counteract inflationary threats. It passed the act, with two abstentions. [passage omitted]

Messner Address on Special Powers

LD1105115688 Warsaw Television Service in Polish 0815 GMT 11 May 88

[Address by Prime Minister Messner to the 11 May Sejm session on the government bill on special powers and prerogatives for the Council of Ministers; live]

[Text] Citizen speaker, citizen deputies: 3 months ago, in adopting the implementation program for the second stage of the reform, the chamber decided to speed up the socioeconomic changes in the country. Today we have grounds to think the process has reached a turning point. It is precisely now that the dilemma presented by Wojciech Jaruzelski at the 10th PZPR Congress—quote, should things be harder today so that tomorrow they might be easier, or should we apply half-measures and get half-results, unquote—is seen particularly clearly.

I am not expressing this opinion under the influence of emotions of the time. In formulating the goals and tasks of the reform, the government has been aware from the outset of the magnitude of the problems related to its introduction. I discussed this in this room on 10 February, when presenting the Council of Ministers' main intentions for 1988. The reform is a true revolution in thinking, work style, and management principles. In the name of common public interest, it demolishes habits and hurts group and individual interests. Consequently, it had to and has to cause tension and contradictions.

The introduction of practical action was preceded by a nationwide debate. Its purpose was not just to solicit views or achieve passive acceptance; we treated it and continue to treat it above all as requiring active support. In asking the question: Do you want reforms? we took it to mean at the same time: Are you ready to participate in them actively? The draft implementation program for the second stage of the economic reform was widely discussed by PRON, many sociovocational organizations, academic associations, and by numerous advisory and consultative groups, including the Council of State Chairman's Consultative Council.

The draft met intense interest everywhere. The very great number of submitted observations and proposals, which furthermore were often at odds with one another, made it possible to supplement it and correct it considerably. It was very thoroughly examined by the OPZZ, which submitted an alternative idea for action. In the adopted assumptions, this was ultimately included only partially. Everyone was able to speak their mind in this debate: in public and workplace discussions; in the mass media; and in the great public debate, the referendum, where the questions and explanations clearly showed the choice we faced.

The program obtained the PZPR's political approval at the fifth and sixth Central Committee plenum, and at the ZSL's Supreme Committee and the SD's Central Committee. After scrutiny in the Sejm commissions and the Socioeconomic Council, the esteemed Sejm passed it. The program has met with great and positive interest in socialist states. Our goals have also been received positively by many politicians and economists in the capitalist world. It was positively viewed by IMF and World Bank experts.

The program's final shape also takes into account the wishes of those who submitted remarks and arguments on the draft, particularly concerning the social aspects. As a result, we accepted a moderate variant, rejecting extreme and more drastic solutions.

It should be recalled once again that the reform is no miracle medicine or an end in itself. Its solutions are only a tool for getting more efficiency in economic management and, as a result, better attention to society's

needs. We can only get something better by replacing an ineffective, centralist distribution and command system with businesslike and active participation by people.

The reform is a complex process, especially since a vast array of its solutions are of a pioneering character. It is not a laboratory experiment. It is being carried out on a living social organism, one weighed down by the ballast of existing problems. Countries with a considerably better material situation also often need a long period to rearrange their mechanisms. We have accepted 3 years as a necessary period for these fundamental changes. Time presses us, and society's impatience makes itself very apparent. It will be a permanent part of our lives until we overcome these problems' objective and subjectives causes: on the one hand, the lack of equilibrium, inflation, market difficulties; on the other, the inconveniences of every day life, the bad work by various cells in the economy, of institutions serving society, tensions in human relations, of bureaucratic, at times quite simply absurd barriers encountered in handling the most straightforward issues.

However, it would be irresponsible to create the illusion that results will come immediately. Reform demands determination, consistency, and stubbornness; it also demands a readiness for new and creative initiatives. Hence, we have been treating the implementation program as open to anything that can accelerate the achievement of the objective. I recall these facts, which are generally known, as a reminder so that we can properly and actively approach those complex, and indeed revolutionary, problems.

May it please the house: The initial period in introducing the second stage of the reform has been particularly difficult for psychosocial reasons. This stems from several causes: First, statistics show that in the past year real wages have remained unchanged, but even if one disregards movement in alcohol and tobacco prices, this still does not reflect the real situation of many families. Differentiation of incomes exists: While some are doing well, the majority are experiencing a drop in their standard of living.

Second, the scale of this year's price and income operation was considerably lower than those previously announced; but despite this it meant considerable price increases, nearly twice as much as in previous years.

Third, through the last quarter of last year the possibility of buying manufactured goods deteriorated considerably. Increased demand even managed to unsettle those parts of the market in which there was relative balance, including manufactured goods like washing machines and refrigerators; so economics have been applied.

Also there are acute shortages of staple commodities, such as clothing, shoes, personal hygiene items, and sanitation goods. These shortages force people to acquire goods on nonsocialist markets, often paying much more, and on black markets even at speculative prices.

The cause of increased buying was an earlier announcement on price and income policy, and particularly on intended large price hikes. Thus, this was an unavoidable side-effect of the openness of our actions and our democratic procedures. Despite general increases in the market supply, its condition has not improved markedly in the first 4 months of this year.

All this has been reflected in the public mood and contributed to greater criticism. This is hardly surprising. It is in the nature of things that for the citizens it is precisely the market that represents the fundamental test of the effectiveness of economic policy.

Appraising realistically the degree of difficulty in the adopted program and the risks connected with it, the government had envisaged in advance the possibility of taking corrective actions. I announced in this year's report that analytical data for any such needed corrections were to be provided by a thorough assessment of the economic results after the first 6 months, especially of the state of the people's income and spending by the government. This would be done jointly with the OPZZ and the main council of the National Union of Farmers and Agricultural Circles and Organizations. Of course, this assessment will be carried out. We appeal to all experts and citizens to participate in formulating this assessment and making proposals for further action. We want to treat this as one of the areas of proreform cooperation and as a widening of national accord.

But the results of the first few months have already confirmed both our hopes and fears. We acheived better results in industrial production than last year. Favorable trends in construction began to take shape. The turnover in foreign trade increased. The introduced instruments caused a significant growth in exports. Labor productivity is increasing steadily. All in all, at the end of the first quarter the annual tasks were far advanced—further than in the preceeding years.

But, at the same time, unfavorable trends extended in the money and market situation and in the stimulant role of wages. We were not able to reach the point where a clearly imporved market supply is a characteristic compensation for price rises. Consequently in the public's perception, based on the observation of store shelves, the prices and income operation gave the impression of running in neutral gear. This caused a peculiar phenomenon: a hiatus between the comparatively favorable economic results and quite the opposite feelings by many workers and economic aktives.

It is also a fact that a significant proportion of the pay raises has been treated exclusively as compensation for inflation. Although the introduction of an across-the-board supplement of 6,000 zlotys and the significant increase in family income supplements softened the impact of the hikes, they simultaneously seriously

restricted the motivational function of remuneration. The social aspect of these decisions is obvious, but from an economic point of view, they were wrong.

Therefore we must openly admit that we did not fully appreciate the results of the gaps in the accepted system, which unleashed a more powerful than anticipated pressure for pay increases that were not always justified by economic results, thus having an inflationary character. These processes were observed carefully. Wojciech Jaruzelski expressed this on 21 March in his address to the 10th ZSL congress. He announced then the possibility of giving the government extraordinary prerogatives if, after the first quarter, it appeared that things contrary to the public interest and exacerbating inflation were growing.

After an analysis of first quarter results by the Council of Ministers and the PZPR Central Committee Politburo, we applied some systematic solutions, particularly the tax principles of pay increases. Reducing taxes on that increase and giving preference to multishift work, which the government had been working on since March, gave enterprises the indispensible freedom to maneuver, but exclusively in their own sphere within their own means. The limits of that freedom are and must be defined, taking into consideration the state of supply and market equilibrium.

The government is determined to counteract by all possible means trends toward unrestrained pay and price developments. Tolerating them would soon result in the market's destruction. Despite apparent weaknesses, the prices and incomes operation has also brought important advantages for the functioning of the whole economy. Supply prices have become realistic, especially fuel prices, particularly coal. Business decisions today are based to a considerable degree on real economic calculations. Incentives for economizing on energy, raq materials, and other materials are functioning forcefully. Experiences this year also confirm that negotiated prices, free from state intervention, do not always have to result in increases. An example: vegetables, the prices of which today are virtually the same as a year ago; or the egg market, where competition has forced a reduction in increases. They emphatically demonstrate the positive results of attaining market equilibrium.

Esteemed citizen deputies: The complex character of the economic processes has caused society's impatience—perhaps even disbelief—in the actions from the center.

Bad tempers became aggravated, bringing extreme manifestations, which in several enterprises turned into unlawful strikes that assumed political characteristics. Unrest was also seen in student communities at several academic centers. But the vast majority of the nation, of workers, showed a sense of responsibility worthy of respect, being aware that the best guarantee of the policy of reform and socialist renewal is peace and work. We are not viewing the situation in a simplified way. We do not see the source of the conflict just in political inspiration hostile to socialist Poland; but that, above all, preys on emotions and is a catalyst of a kind, leading people into a wilderness of actions that ultimately harm themselves and all of society.

Let us look again at the problem caused by the reform. The legal, economic, and organizational solutions being introduced are becoming a perceptible fact, but this is merely the readjustment phase. Having acquired legitimacy, the instruments and mechanisms of the second reform stage have not yet created—as indeed they could not have done after only a few months—a new quality in the economy's and state's operation. It follows from the very essence of reform that economic benefits cannot be felt equally by everyone. Pay differences are justified and necessary, and that also means differences in living standards in accordance with the principle that he who works better enjoys a better standard of living. Those who learn more quickly the principles of the new model, enterprise, initiatives, and innovations of the economic game should have more, since the reform cannot tolerate passiveness—waiting for decisions from above and for easy money obtained through subsidies or allowances.

But there are also income differentials that result from manipulation. Their source is economic imbalance. Many establishments make use of loopholes in regulations and economic solutions and the persistent incohesion in the system to get immediate, unearned benefits, among other things through excessive price rises. There are quite a few fortunes that have grown not from work, but from bribery, favoritism, and wheeling-and-dealing. There are groups of people making a living off of speculation and even extortion. These phenomena do not fit and cannot fit within our definition of reform.

There is also the other side of the story which mainly concerns management systems. There are still people who treat the change in management structures and mechanisms as a personal and collective disaster. They are not easy to find and isolate, as they declare their support for and active participation in the reform at the top of their lungs. But in practice they are hampering its introduction. They are active at various levels, equally at the center and in local and economic administration.

They defend their attitudes not only through the force of inertia, but they also expose artificial threats and exaggerate the scale of real dangers. The reform has adherents and fans, but has not yet earned a wide lobby based on a real economic force. We must change this situation by promoting personnel who with passion and determination will undertake the work of restructuring and create a new—we call it in agreement—economic elite. There is also room in it for those with experience, for involved economic activitists, and above all for young people with educations and energy. We notice with satisfaction in the attitudes of youth organizations their awareness, which signifies a great chance with greater responsibility.

From the viewpoint of the proper selection of personnel, we put much hope on the planned review of directors. This will not be a formal action. It is not a question here of just eliminating the incompetent. We want above all to bring out a wide group of the best, to accelerate their promotion and facilitate development. We also want to create better chances for those who get valuable results in difficult conditions to operate. The PZPR Central Committee plenum will undoubtably be an important impulse and inspiration. It will assess and formulate directives for personnel practice.

Esteemed Sejm: The government knows that many groups still continue to live in difficulty. But none of the existing conflicts, and even more so none of the fundamental socioeconomic problems can be solved by resorting to illegal strikes. Those that have taken place in the last 2 weeks, mainly in the heavy and the shipyard industry, and thus where the reform solutions for various reasons function most weakly, had important economic consequences amounting to billions of zlotys. In the Lenin steelworks alone during the week-long illegal strike a loss in production of about 100,000 tonnes of short supply rolled products, including ones for which that combine is the sole producer, was estimated.

In the case of continuous production that is something that cannot practically be made up. In addition, the lack of metallurgical products set a chain reaction in motion. There will be fewer market goods, from enamel utensils and agricultural tools to televisions, refrigerators, and cars.

Strikes have serious social costs, negatively influence human attitudes, and increase aggressive and mutually hostile behavior. Polish affairs are not being conducted in hermetically sealed space. In Western economic circles it is said openly today: Let us not rush to invest in Poland, to establish industrial cooperation; let us wait for the situation to develop. Undoubtedly not all who took part in strikes and demonstrations wanted such results. However, in real life facts and intentions count.

Strike incidents have ended. These were of local and very limited character. This, first of all, shows dignity and a sense of civic responsibility in our community which, despite difficult living conditions, appreciates the supreme importance of work.

What was threatened in case the wave of unrest spread? It is easy to foresee the results. Drops in production, increased difficulties in supply, diminishing market supplies and exports, a halt to many well designed and already started economic trends. The outcome of a market collapse would be rationing, a return to distribution that had been reduced after much effort, to directing the economy and the state as the only method of management under the circumstances, with all the negative consequences for socioeconomic life, for political life, and particularly for deepening democratization.

Many years of hard work and strenuous effort to achieve a straight approach and innovations would have to be written off. So, following political directives, and particularly the 9 May decisions by the commission for cooperation between parties, the government submits to citizen deputies the bill on special powers and prerogatives for the Council of Ministers to last until the end of this year. This means progress for reform, protection of the community's well-being, strength for the state—hope for a better future for the nation.

Together with understanding and support for this initiative, reactions have also appeared that we must dispute. Some people see in it an intention to replace the allegedly ineffective solutions of the economic reform with special regulations, as the result of which shelves in the shops will fill up, prices will be low and wages high, we will work fewer hours and our work will be easier, and the economy will flourish. Others fear a return to decrees and prohibitions, to a restriction of economic self-management, to the fettering of the trade union movement, and to replacing initiative and enterprise with mindless ordering about.

In short, they fear a retreat from the principles and mechanisms of the reform.

The first group is living in a world of illusions: The second has no cause for alarm. We resolutely reject and preclude a return to management through administrative methods. In the bill we have precisely defined the objectives it is to serve and the direction in which it is to proceed. The initiative for the preparation of specific decisions connected with the practical implementation of the act, just like all second stage solutions, will rest with the Council of Ministers Committee for the implementation of the Economic Reform, and personally with Deputy Premier Zdzislaw Sadowski. He, of course, will not act alone. The central and local administration will work closely with him. Under no circumstances will the government abandon the introduction of successive institutional reform solutions in accordance with the modes and times envisaged in the second implementation stage.

We have already fulfilled one-third of the tasks in the schedule. A number of others are well advanced. I can list draft acts and documents that are fundamentally innovative, like the act on undertaking economic activity, which introduces the principles of economic freedom and equality of all subjects, irrespective of the form of ownership, and full freedom of their association. This bill will be presented to the House at the beginning of June. Also, others are: Assumptions for a fundamental restructuring of the taxation system; assumptions for a program of limiting subsidies and changing the system of their granting; the act entitled trade companies law, on adjusting their operating principles to present-day realities; the act on companies with the participation of

foreign capital, creating favorable conditions for the investment of capital from abroad; the act on bonds; the introduction of economic judicature.

Decisions have already been made on the restructuring of the banking system which will significantly strengthen its role as an element controlling the economy. The banks will become an effective tool for improving the efficiency of economic units; they will rigorously exact the principles of economic calculation and more actively promote economic progress.

By consolidating and making economic mechanisms more effective, we do not want to fall into inner contradictions such as the introduction of the management by administrative methods system. On the contrary, the government will be making use of its special powers only where there is need to remove existing inconsistency and contradictions. It concerns decisive and efficient introduction of the second stage of the reform, in particular speedy adaptation of system mechanisms to reality, and more successful breaking of various barriers, particularly of conservative attitudes and group identification.

This will be accompanied by the correction of socioeconomic policy. What do we want to achieve by the powers contained in the bill? First, to clearly accelerate the modernization of the economic structure. We have already reduced outlays and resources for investment, stretched for years, including fuel and energy. We will redirect these resources to investments that bring fast results, thus allowing considerable savings of raw materials, energy, and fuel, and the production of modern high quality goods. To this end, we will make use of the fund for structural changes in industry.

In the modernization of economic structure, a considerably greater role should be played by scientific and research centers. We are starting a review of centers from the point of view of the results they are capable of achieving. It is worth recalling that an essential, not fully used reserve constitutes the resources of the fund for developing science and technology, as pointed out by the Supreme Chamber of Control. Speedy liquidation or bankruptcy of nonprofit making enterprises and those with outdated technology, mainly in heavy and mineral industries, will be an indispensable step, thus altering the structure of investment.

We expect that the bill on undertaking economic activity will release initiatives, and will contribute toward increased market production and supply. The bill on special powers and prerogatives examined today will allow for faster changes in the actual structure of the economy. The government intends to carry out deeper verification of the national socioeconomic plan that will be submitted in the next 2 weeks to the Council of Ministers. It is to include, first of all, investment intentions and international economic cooperation by Poland. It aims at more comprehensive subordination of those fields to the demands of economic structural modernization. During my talks in Moscow last month, these ideas met with full understanding and kindness by the Soviet partners.

We worked out advantageous conditions for mutual cooperation, which has a fundamental significance for solving the current and future economic problems of Poland. This year, for the first time, the formula of the finance and material plan will be applied. It will be an important instrument for the effective synchronization of material tasks and the financial possibilities of the state. It is imperative to consider the propositions of the International Monetary Fund when drawing up the so-called regulating [dostosowawczy] program. The essence of that program is the increasing of exports in order to balance the economy, while eliminating inefficient businesses, withholding or removing capital absorbative and overdue investment projects, restricting subsidies for production, making prices realistic, and also—and this must be explicitly said —the interim restriction of consumption in order to later increase it.

The undertaking of the implementation of that program is the condition for the renewal of normal financial and credit cooperation with the West. The additional hard currency funds, whose shortage today is the most important development barrier, attained in this manner, would be an important agent in the restructuring of the material base of the economy and at the same time strong help for the reform.

Basing oneself on the principles of the social policy of our system, we are at variance with the Fund's experts only as to the scale of the necessary consumption restrictions. In other areas our aims and intentions are convergent.

Secondly, in order to cope with people's increased needs we consider it to be imperative to urgently increase the supply of goods on the market. For the import of market goods—mainly light industry goods, household chemicals and those of electrical engineering, as well as raw materials and materials for their production—additional hard currency means have been allocated, which were gained mainly due to the advantageous export results. Favorable economic solutions are being introduced and will be expanded: Goods and currency auctions in order that hard currency gets to the most efficient producers of a given production, the simplification of compensating exchanges [wymiana kompensacyjna] with foreign countries, and the simplification of tariffs. The law creates the possibilities to draw additional means.

On the one hand, these will be steps favoring the creation of market competition and preventing monopolistic practices. The possiblity of dividing up and combining enterprises will mean that resources will be directed to

those places that can produce more quickly, more cheaply, and better. On the other hand, there will be pricing or taxation instruments, stimulating market production.

There is a fairly widespread view that the market's most serious rival are exports, especially of goods in short supply, The adherent of this view forget that without getting hard-currency revenues it would not be possible to supply the producers with the required materials and components and thereby maintain the current level of supplies to the market. Furthermore, the average cost of getting $1 in exporting at present comes to approximately Z400, while $1 worth of imports often allows us to get market goods whose value can exceed Z2000, that is, five times greater. Therefore we do not intend to regulate administratively the relationship between the market and exports. In the long term these objectives do not compete with each other but, on the contrary, they support one another.

The preferences that we are giving to the development of exports and deliveries to the market do not mean that we underestimate the significance of production and deliveries for the producers and subcontractors. It is, after all, these that form the bottleneck in the economy, and the second most visible, apart from the market, criterion for working people's assessment of the economic situation. Disruptions of production in one's own works become a pretext for general opinions, especially when the enterprise cannot make the full use of its productive potential through a shortage of materials and components.

In accordance with the principles of the reform we are changing the organization of the system of producers' and subcontractors' supply. This is a radical step. To put it briefly, it consist of transferring from administrative rationing and compulsory brokerage to legal and economic principles. Today it is no longer sufficient to write to a producers' supply enterprise or an administrative body and wait for what they might give you. A new system is being created, in which financial relations between enterprises resulting from their inventiveness and mutual benefits play the decisive role.

This system is particularly clear when seen against the background of the difficulties with import supplies. Despite the existing difficulties and critical assessments the practice of passing on part of the hard-currency allocations to subcontractors is spreading and this practice is beneficial in the long run. For those who do not export we have this year introduced the institution of targeted hard-currency and goods auctions.

In view of the well-known hard-currency restrictions in the country the fulfillment of the production and subcontraction needs of enterprises cannot but be accompanied by tensions. The government will take advantage of the instruments of the law to speed up the process of moving away from rationing—not only restricting its scope, which is something it has done so far, but also abolishing structures and units whose only purpose and reason for existence were distribution and mediation, and this both in the state sector and that of cooperatives. These actions will be supported by a uniform organizational system of the internal, supply, and retail markets—a system that will be in accordance with the logic of the reform.

To ensure a better supply system for efficient producers the government means to make use—more widely than to date—of its authority to forbid and restrict productions that use an excessive amount of materials and energy. For the last 2 years we have been trying to carry out reviews of jobs and organizational structures in enterprises. To date the results have been poor. The reasons for this are many. Mainly they can be summarized thus: The symptoms have been vanquished but the true reasons for overemployment—such as bad labor organization, excessive reporting-back, bureaucratic inertia, the formalization of the structures and functions of state and cooperative enterprises—have not been eliminated.

Despite the great changes in the management of the economy many old elements and habits have sought cover under new slogans. In extreme cases we will not hesitate before requiring that people leave their organizations, that unnecessary elements and job positions are eliminated, that excessive economic administration is abolished and the before insisting on the strict implementation of the adopted savings program. These means will be supported by structural changes and will allow for the transferal of labor supplies and will increase the mobility of the workforce. We must therefore turn to these methods in a situation in which there does not yet exist a job market.

Extraordinary powers also make it possible to introduce unconventional, experimental solutions which, after the necessary trials through practice, would be suitably introduced.

Among the goals of the economic policy we put the money market equilibrium in first place. That is why we are stressing the need to retain the correct proportion between prices and incomes so strongly. Should one overtake the other it cannot fail to create a reaction. The rise in wages in industry or building construction brings about the justified postulates of farmers that income parity should be retained. The government has more than once taken the stand that such a parity should be retained. In such a situation it would be impossible to implement the intentions of improving remunerations in the budget sphere: The wage-rises envision are, in this situation, swallowed up by an inflation higher than that planned. As a result the intelligentsia, especially the young intelligentsia, grows poorer. We shall act decisively against this phenomenon. Teachers, doctors, those involved in the sciences and the world of culture do not produce material goods, but without them the progress of civilization would be impossible.

The act provides for various, even severe, disciplining measures against unwarranted price and wage increases up to and including their freezes. At the present moment we do not see an imposition of price and wages freezes as necessary and purposeful step. It would have negative effects both on the volume of production and on the state of the market. Thus the application of this instrument should be approached with special care and it should only be resorted to if the institutional solutions fail. Anyway, many theoretical doubts exist in respect of these issues. We are expecting assistance in the solution of these, and especially in the search for means for slowing down the inflation, from the Commission for Economic Reform, the Polish Economic Society, and from economic scientists and practicians.

In order that all of the discussed actions might bring their intended effects it is vital that social and production discipline in work enterprises is ensured. Therefore Article 6 in the bill provides for partial and temporary restrictions on the invocation of collective disputes, but only in matters connected with the exercise of the special powers and prerogatives. Otherwise we could find that the decisions of the Council of Ministers made on the basis of these powers cannot be executed and are doomed to the arduous, socially costly process of prolonged negotiations. The government, involved in dozens of fragmentary disputes, would not be able to guarantee respect for universal public interests.

The proposed regulations do not result from a wish to restrict the role and functions of the trade unions or farmers' sociovocational organizations, or to deprive the workers and peasants of their right to defend their interests. The government bill does not envision the modification of other acts, including the Labor Code, which is of great importance for everyone in employment and therefore also for the trade union movement. In practice neither are we going to avoid essential consultations. Therefore the fears of many trade union activists expressed in the great number of statements and telexes, which the Central Committee, the first secretary of the Central Committee, the government, and I personally, have been receiving over the last few days, are unwarranted.

In undertaking reformatory measures we cannot, after all, deprive ourselves of the allies of reform: the widely understood managing personnel, the directors, the managers of departments, foremen, chargehands, the trade union movement, and worker's self-management, in short, all of those for whom the development of Poland, the reform and acceleration, are not slogans; all of those who give it substance by their daily activity, by difficult and bold decisions, by their efforts and sacrifices, which are not at all rare. Repeatedly and also in the course of the recent difficult days they have given proof that they are capable of acting and of jointly acting in a constructive manner and with total involvement.

The government applies for extraordinary powers in its concern for the creation for all citizens of the chance to improve conditions of life, work, and social activity.

I want to state explicitly that the proposed solutions for the Council of Ministers are not an act of kindness. They are a necessity. We cannot allow ourselves to be put into reverse gear. The government will present to the esteemed chamber information and reports on the use of the powers containedin the law. Being fully aware of the responsibility for the correct use of the extraordinary powers and perogatives, which is encumbent on the Council of Ministers and on myself personally, on behalf of the government,

I apply to all working people, to all poles, for active support as well as the initiation of reformatory actions, for courage and enterprise in the solving of the problems that we are faced with, and for consistency and discipline in their realization, which are an imperative condition of the success of these actions.

Thank you for your attention.

Sejm Ends 11 May Debates

LD1105195188 Warsaw PAP in English 1847 GMT 11 May 88

[Text] Warsaw, May 11—Concluding its today's debates, the Sejm (Polish Parliament) with 8 abstentions, adopted a resolution in which it confirms the strong will to continue the policy of social renewal and deep reforms in the country's social and economic life and spoke in favour of their deepening and acceleration.

While granting special powers, the Sejm expects the government to act more consistently, faster react to arising difficulties and threats and more efficiently protect society against transitory hardships connected with the reforming of the economy.

The Sejm deems as necessary the strengthening of control over the process of reforms and points to the fact that the slowing down of transformations, regardless of intentions or reasons, objectively means pushing the nation and state from the road leading towards civilizations progress and material wealth.

The Sejm also stresses that all tensions and issues of dispute should be resolved with respect for law and not on the road of illegal strikes and acts striking at the process of reforms and weakening Poland's international position.

Resolution on Special Powers

LD1105215788 Warsaw PAP in English
2030 GMT 11 May 88

["Sejm Resolution—Abridged"—Pap headline]

[Text] Warsaw, May 11—The Sejm of the Polish People's Republic confirms its determined will to continue the policy of socialist renewal and deep reforms of public and economic life of the country.

The process of reforming the economy and of the country's democratization has entered a decisive phase. Measures aimed at increasing the economy's effectiveness as well as at development of enterprise and initiative have more and more impact upon our life. Democratic transformations are assuming a qualitative character.

The Sejm declares itself in favour of enhancement and acceleration of economic, social and political reforms, in favour of expansion of platforms of reconciliation and cooperation in the name of common weal.

The transformations occurring in the recent years favour consolidation of our state's international position. Poland is situated in the mainstream of transformations ongoing in the Soviet Union and in other socialist countries, which serve to consolidate the strength and cohesion of the states of our community.

We seek full normalization of relations with all states, including here economic cooperation, detente and disarmament. Of special importance is normalization of relations with creditor countries.

The Sejm expresses a conviction that the reforms under way and the economy's retrieval of developmental capacity will encourage a realistic approach by creditor countries towards our postulates.

The Sejm finds the process of comprehensive restructuring of public and economic life, which is of so immense importance to the country's both internal development and position on the international arena, to have provided a sound foundation for the implementation of broad national reconciliation on the basis of common sense and mutual interests of entire society.

All political and social forces grouped in the Patriotic Movement of National Rebirth and all citizens of our state declare themselves in favour of such reconciliation.

Finding the economic reform to be a matter of supreme importance, the Sejm adopted the timetable of application of the second stage of economic reform, which had been widely consulted and supplemented after the referendum, as a chance to set out economy on the path of lasting, effective development which would ensure a rise of lasting, effective development which would ensure a rise in living standard for the citizens of our country. This is related to transient, painful effects upon a considerable part of society.

The Sejm decided to provide the government with extraordinary powers and prerogatives. The Sejm expressed its support for Wojciech Jaruzelski, who addressed the 10th Congress of the United Peasants' Party with a proposal to adopt additional solutions and prerogatives in order to overcome bureaucratic barriers and old habits as well as to consolidate and expand reformatory actions.

While granting the extraordinary prerogatives, the Sejm expects the government to act in a more consistent manner and to faster react to emerging difficulties and threats, as well as to more effectively protect society from transient hardships related to reformation of the economy.

The Sejm of the Polish People's Republic points out that irrespective of intent or reasons, prevention of transformations that are being introduced in our country is, in objective terms, pushing the nation and the state off the path leading towards civilization progress and material well-being.

Even today, the effects of recent strike unrest seriously burden the start towards the accelerated phase of reform's implementation. The Sejm emphasizes that any occurring tensions and debatable issues should be solved in respect of the law and not by means of strikes and demonstrations which are illegal and which hit out at the process of reforms and weaken Poland's position on the international arena.

More on PZPR Politburo's 10 May Session

LD1205095188 Warsaw PAP in English
0002 GMT 12 May 88

[Text] Warsaw, May 11—The PUWP CC Political Bureau discussed on May 10 the socio-political and economic situation of the country and got acquainted with the course of realization of reforms in the system of the state and the economy.

It considered it as indispensable to faster and dynamically implement resolutions of the PUWP CC 6th Plenary session, aimed at deepening democratic transformations, broadening field for development of social initiative and activeness, more courageous expanding of national agreement. The implementation and enrichment of the policy of renewal meets social expectations and aspirations, lies in the interest of the nation.

Guided by the experiences of the Consultative Council at the president of the Council of State, the Political Bureau regarded it as justified to expand and to greater degree differentiate the composition of people's conventions at voivodship people's councils and set up these

bodies in all places where they have not existed so far. The Political Bureau invited to take part in the conventions' work influential representatives of opinion-making milieus, including those who assess and view various problems and ways in which they can be solved in a different way.

Consolidation of social self-management is the party's lasting guideline.

The Political Bureau supported an initiative to convene the 9th nationwide conference of representatives of workers' self-management in the second half of this month.

The new law on associations should serve development of activeness and consolidation of the feeling of citizens' subjectivity. The Political Bureau came out for acceleration of the working out of the draft in question.

The Political Bureau came out for acceleration of the work on the bill on the creation of law and reform of the penal law, for expansion of judicial control over administrative decisions.

The obligation of the party, of all its links and members, is to constitute avant-garde of socialist reforms. Recent experiences once more confirm the basic meaning of the class ties between the party and the working class, working people.

Democratic political reforms are synchronous with achieving goals of the economic reform.

The particular need to achieve money-market balance was stressed.

Stress was put on the special role and responsibility of enterprises' managerial staffs for the implementation of the 2nd stage of the economic reform.

The Political Bureau familiarized itself with results of the discussion on special powers for the government. It was underlined that they should serve protection of the population's living standards and fuller realization of the 2nd stage of the reform.

The Political Bureau underscored that planned activities could bring effects only in the conditions of order, peace and normal functioning of state bodies, the economy and every enterprise. Evaluating recent incidents, the bureau regarded as necessary for party authorities and organizations to deeper, prophylactically get to the core of social moods and threats, to increase their influence on working people, strengthen discipline and more energetically counter political penetration by the (political) opponents.

The Political Bureau got acquainted with information on the course of realization of decisions of the Polish-Soviet declaration on cooperation in ideology, science and culture as well as with assessement of the implementation of the comprehensive program of consolidation and development of Polish-Soviet relations, and approved of suggestions included in the two documents.

It was stated that considerable intensification and increased effectiveness of cooperation between the PUWP and the CPSU took place.

A remarkable increase in and expansion of forms and scope of cooperation between Polish and Soviet mass media was noted.

The presentation of Polish-Soviet economic relations and also of the positive phenomena and little publicised facts of the common history requires a more profound insight.

It was announced that the Political Bureau would hold a specially expanded session to familiarize itself in a more detailed way with the achievements and suggestions ensuring from direct cooperation between Polish and Soviet enterprises and scientific-research centres.

TRYBUNA LUDU Views Wage Disputes

AU0305153888 Warsaw TRYBUNA LUDU in Polish 29 Apr 88 p 3

[Zygmunt Slomkowski article; "No Third Option"]

[Text] As the RFI [Paris Domestic Service] broadcast a few days ago, LE QUOTIDIEN DE PARIS wrote that filling workers pockets with money is no panacea for the disastrous economic situation in Poland, a country in which, according to official data, galloping inflation reached 42 percent in the first 3 months of this year. Commenting on the pressure for wages, the VOA quoted a NEW YORK TIMES correspondent that such pressure may really test General Jaruzelski, whose efforts to reform the economy seem to encounter serious difficulties. The U.S. correspondent recalled that the government had decreed considerable price hikes on various goods to improve the wage and price system.

The serious Western bourgeois press continues to publish such comments quite often. At times, it even refrains from political prejudice and cheap demagogy, because regular business accounting, which is an inherent feature of the West, is at stake. The tough daily struggle for existence and daily competition leave no place for cheap sentimentality. What is more, they even encourage self-imposed restraints. If in the West today strikes and strikers are on the wane, it is because people know that work stoppages and slogans on banners will not solve emerging socioeconomic problems. On the other hand, if state authorities and owners of mines and factories see that it is necessary to close down production plants for fiscal and economic reasons, they close them down, dismiss thousands and thousands of workers, and let the police, troops, and courts deal with protesters.

I recall these facts not because they appeal to me. Actually, such radical solutions that take no notice of people are alien to me. All I do is to state the facts resulting from a specific way of thinking in economic categories dictated by overriding interests.

Let me cite (via Radio Free Europe!) another view expressed by the West Berlin publication POGLAD [Polish word for "view"]: "The further development of the economic situation will be determined by the force of the workers' wage claims in the next few months. If claims are strong and management is weak, then wage raises will be paid as compensation for price hikes, and this will be without any additional effect in the way of supply and production. But if wage claims are weak and management is strong, the wage reserve funds will be spent to boost work productivity and the effectiveness of enterprises. If this effort is properly channeled, the supply effect may materialize and the situation may improve a little." Let me also cite a DPA dispatch: "If, as a result of wildcat strikes, a wage-price spiral begins to unwind in Poland, prospects of obtaining urgently needed loans from the IMF will be crucially reduced. This is because the IMF's most important conditions are wage discipline and the maintenance of the market laws."

Such views and conclusions continued to gain in number in connection with the reality in our life in the first months of 1988. What is at stake is the difficulties in realizing the economic reform; the movement of prices, which is not without impact on wage raises; and the too rapid increase in wages, which reduces the effects of the price-income policy. No one denies that such negative features exist and that real wages decreased a few percentage points last year. This was bound to create concern and desire for higher wages among some segments of society, which is a natural thing. After all, we have become accustomed to the frequent phenomenon of so-called social wages, ones that do not depend on the results of one's work. And it is with regard to such wages that the reform began to make changes. No one denies that this is a difficult process, because it affects the two most sensitive areas—one's awareness and one's pocket. And it is precisely this concern that Mr Walesa and his colleagues are trying to attach themselves to. What is more, they are trying to take advantage of the uneasy situation for their own political purposes and to shout and dispense "counsel," although no one needs it, via, of course, the Polish-language Western radio stations. Let us compare the views we cited with what Mr Walesa has proclaimed recently: Support for demands for wage raises, appeals to exert "pressure on the PPR authorities" in this regard (the RFI and Radio Free Europe on 27 April), the announcement that an appeal would be made to society for more energetic protests (Canadian Radio on 24 April), and the announcement of a possible appeal for strikes in the summer of 1988 (Western press agencies on 25 and 26 April). That is all.

I have consciously used the word "all," because I have in mind only the declarations of the true intentions and what can be considered as an action program. Of course, these declarations have their verbal trimmings, and we could ignore them but for many a "but." The thing is that the appeals for anarchy, for promoting unlimited inflation, and for creating a situation in which shops are empty again and our creditors refuse to have faith in us—the intent of those appeals boils down to just that—are shored up by support for "true reforms," which for the author of those declarations mean one thing only: pluralism, that is, freedom for his political activities.

Let us put a dot over the "i": To Mr Walesa, who is supposed to support it, the reform means a struggle for power, a struggle to recreate the anarchy in which we found ourselves in 1980 and 1981. Memories are short, so let us recall that it is a demand for wage raises that broke down the last barrier to rapid inflation, it was a wave of strikes that upset our economic life. Let us add that the West used subsequent efforts to save the country as a pretext to sever financial-economic ties with us, which we are still trying to repair today.

Let us also recall the following: At that time we possessed absolute pluralism, because even political madmen were going mad, and I do not think Mr Walesa could complain about a lack of liberty because his people were already counting the hours until the collapse of the state. It was a time when Mr Walesa and his people had every opportunity to assume joint responsibility for the country's fortunes. They failed to take advantage of this. Instead, they chose a path of destruction and demolition.

One cannot forget this lesson of irresponsibility, especially now that there are dreams of a repetition. Therefore, let us return to the present.

What does Mr Walesa suggest? Printing money that has no backing. What method of attaining this goal does he suggest? Abandoning one's work, which means reducing production, and hence the quantity of goods on the market. And who will be responsible for this? The authorities, of course!

That is how one carries out politics at someone else's expense. Not even the government's expense, but that of working people, for it is they who would pay for this cynical calculation more than anyone else, just as they paid for the effects of the economic restrictions that were backed by members of the former "Solidarity." By the way, right now Walesa and his friends are opposing the idea of credits for Poland in their talks with representatives of other states.

Mr Walesa is one of the few people who idolizes such figures as Ronald Reagan and Margaret Thatcher. It is odd that he does not refer to their ideas when presenting his own vision of perfection; in other words, he fails to mention the elimination of trade unions or the restriction of trade union rights, the lock-outs, the mass dismissals from work. The Nobel Prize winner from Gdansk knows only how to be a good uncle at someone

else's expense and paint beautiful visions of mirages with palm trees and houris, leaving it to others to decide how to import those palm trees and houris, and when they fail to do so, shouting: Didn't I tell you? They can't do it. They can't afford it!

So what is the game? The game is blowing the trumpet of irresponsibility and demagogy, and playing in the orchestra which opposes the reform by means of various tunes, political and economic. The tunes are varied, but they are all out of key.

I repeat: No responsible person in Poland is saying that the reform is proceeding smoothly and without a hitch, that it is a painless operation. In economics, everything is always on a one-for-one basis.

However, the question arises: Should unrest or even dissatisfaction be channeled into constructive work in the expanded fields of action that are accompanying the implementation of reform, and thus increase production and make it cheaper and more economical, and hence lead to more goods and more money for producers? Or should they be aimed at increasing wages without a corresponding increase in output?

An answer to these questions is a measure of one's civic approach to the reforms. Here we have a choice between yes and no, or between creation and demolition. There is no third option, not even if the most demagogic slogans claim there is.

This is understood by those connoisseurs of current affairs who perceive the real path of the reforms, even connoisseurs abroad. We printed an interview by our correspondent with Mr Lari, a World Bank representative, recently. Announcing a visit by another Bank delegation to Poland, Lari said: "When the delegation returns, I will see if the initial energy that went into the reforms still exists...We are getting a hot and cold shower alternately. I read a Jackson Diehl article in THE WASHINGTON POST recently. It was full of the most various things, just like our 'panettone' (a pastry filled with everything). It also contained things that disturbed us—the return of intervention by central institutions, backing down from prices and wages policy, a lack of financial discipline. These are key matters."

It so happened that the World Bank expert said yes to the above key question, whereas Mr Walesa says no and suggests an "alternative." He wants to apply the brakes against the reforms.

FRG Radio Airs Program To 'Threaten' Poland

LD0805175188 Warsaw PAP in English 1622 GMT 8 May 88

[Text] Warsaw, May 8—Deutschlandfunk does not cease to give lessons to the authorities in Poand. This time around the radio station aired a program in Polish in which it quoted the NEUE OSNABRUECKER ZEITUNG in order to threaten.

Deutschlandfunk stated that Western countries which expected liberalization in Poland were extremely disappointed. Owing to this their plans to grant Poland assistance with a view to help her come to grips with the catastrophic economic situation will surely—as the West German radio station envisages— change.

Several matters must be explained in this respect. First, the same radio station a few weeks ago went all-out in praising the progress in liberalization in Poland, the expansion of democracy and civil freedoms, the solution of the political prisoners issue, the freedom of the Catholic Church in Poland. Has anything changed within a few days, considering that the Polish authorities still firmly want to tread this path.

Second, in recalling the catastrophic situation in Poland, Deutschlandfunk demagogically forgot to inform who shares the responsibility for this situation. It is common knowledge that after the introduction of marshal law a score of Western states introduced extremely brutal and painful, as concerns the consequences, economic sanctions against Poland on the orders of the U.S. this was the West's punishment for the fact that the Poles themselves dared stop the anarchy, the strike frenzy organized by the then "Solidarnosc", and prevented a national catastrophe.

Third, Deutschlandfunk threatens that the Western states will change their attitude towards Poland. Meanwhile, Poland still does not have normal credit, financial and economic relations with many Western partners who still continue to pursue a policy of discrimination.

Fourth, only countries where the national economy functions normally, without disturbances and strikes, count in the world, something that Deutschlandfunk is well aware of. The majority of Poles do not want strikes. They were relieved to learn that the steelworks in Nowa Huta began production once again. One should think that Poland's economic partners will also appreciate this.

FRG Says Relations Not Influenced by Strike

LD0805190088 Warsaw Domestic Service in Polish 1700 GMT 8 May 88

[Text] Horst Teltschik, an adviser to the FRG Chancellor, replying to questions concerning events in our country, emphasized that Bonn is not influenced by the strike situation and is determined to continue dialogue with Poland in all areas. The development of the situation in Poland does not have any influence on the future course of bilateral relations, he said. That which appears in the mass media, indicated Horst Teltschik, should not be identified with the RFG's policy in relation to Poland.

PAP on Threatened U.S. Aid Cutoff

LD1105232688 Warsaw PAP in English 2133 GMT 11 May 88

[Text] Warsaw, May 11—Yesterday's self-evacuation by an approximately 400-strong group of people occupying the Gdansk shipyard ended local strike incidents in

Poland. This took place despite the pressures constantly being renewed by certain Western circles on the adoption of the political postulates put forward by those who extorted an illegal strike in the work establishment.

A fresh example of such pressures from American official circles is Tuesday's evening editoral commentary of the Voice of America. It was appended with the postscript: "mirrors the views of the U.S. Government."

In the light of the last facts it can be said once more that this text also has little in common with the real situation in Poland. For Polish society has showed that it did not listen to former leaders of the former "Solidarnosc". Despite this fact, the VOA commentary contained another call to the Polish government for the establishment of dialogue with "Solidarnosc" members. The commentary also contained a statement that if this did not occur then American aid for Poland might be threatened.

In connection with this let us once again recall the attitude held by Poland. We have voiced and voice our support for normal relations with the United States on the economic and financial planes, for treating our country according to the principles binding in the contemporary world.

British 'Radicalism' Praised as Model to Follow

AU0605121288 Warsaw TRYBUNA LUDU in Polish 3 May 88 p 5

[Wlodzimierz Lozinski article: "A Small Measure of Radicalism"]

[Excerpts] The world is going through an era of socioeconomic radicalism, one devoid of emotions and philanthropy. Cold calculations of profits and losses are the motive for the actions of those who want to survive, to be of some importance, and to develop. Individuals and groups of society that are unaware of this are often relegated to the periphery of life and feed on the pain of shortages that make life so far removed from the daily standards measured with the material values of contemporary civilization.

Such thoughts are bound to occur to everyone who would now travel between, say, London and Glasgow, stopping at the stations in Birmingham, Wolverhampton, Liverpool, and Carlisle. In Yorkshire only those coal mines are in operation which manage to produce coal at competitive and profitable prices. The same principle prevails in steel mills, shipyards, and other metallurgical plants all along the route.

The British Government's radicalism has canceled the habits and hopes of all those who have counted on wages being dissociated from productivity. The famous miners' strike that lasted 356 days in 1984-85 proved of no avail. The government refused to advance any more subsidies and in the celebrated 1985 law rejected the trade unions' right to coerce wage increases. Profitability without inflation and without the excessive issuance of bank notes became the only criterion of the performance of plants and of giving jobs to workers. Production was continued only in those plants that were reasonably expected to make profits and whose work forces accepted the new wage conditions dependent entirely on effective performance. Other plants one can see along the Glasgow-London route and elsewhere are empty of life, although they offend no one even if they attest to the unemployment affecting almost 3 million of workers. Their national consciousness enjoined Britons to choose between further economic stagnation, on the one hand, and reconstruction and development guaranteeing active share in world competition, on the other. [passage omitted]

In view of that it is enervating to be aware of illusions stimulated here and there that Polish conditions can be different and that we can have manna from heaven as a gift from someone. No, we cannot have such manna, and even one Lechoslaw Gawlikowski, who answered question on a Radio Free Europe program on 27 April, seems to know this to the chagrin of that station's editors. He disappointed these editors, who craved for a sensation, when he said: "People certainly remember the fate of the so-called Walesa wage increases, which were obtained in 1980 and which, as we remember, were quickly swallowed up by inflation. This danger is still there, especially since the present wage demands are very big, and this spells accelerated inflation for economic policy.... For many reasons this is downright suicidal for the economy."

Gawlikowski's radicalism is certainly a product of measuring Polish reality with the yardstick of Western capitalism. All the same, his thinking is reasonable. It is true that we had a horrible experience of whatever Gawlikowski calls the "Walesa wage increases in 1980" and, let us add, 1981. We should really avoid all that now when most our people support the program for reforms.

However, Gawlikowski's radicalism should not induce us to follow a state policy that is less social than it is now. No one in Poland intends to give up socialist socioeconomic relations and the guaranteed right to be able to work and take advantage of many social benefits, free health services, and free education. But with a bit of radicalism we now need a greater measure of public awareness that, for example, we can share only what we produce ourselves —what is produced by a specific production plant, a specific steel mill, a specific factory, and a specific bus depot and not by some plants and some workers we know nothing about. Giving some people bigger shares means taking away something from other people and perhaps trimming the tasks that are equally important for society.

Such national awareness should govern Polish radicalism not only at a moment when special common sense becomes the most urgent need.

Further Reportage on Visit of USSR's Gromyko

Resumes Talks With Ceausescu

AU1105142488 Bucharest AGERPRES in English 1354 GMT 11 May 88

[Text] Bucharest, AGERPRES, 11/5/1988—Another round of talks was held at the Palace of the State Council on Wednesday, May 11, between RCP general secretary, Romania's President Nicolae Ceausescu and Andrey Andreyevich Gromyko, member of the Political Bureau of the CC of the CPSU, chairman of the Presidium of the Supreme Soviet of the USSR.

The exchange of information continued with regard to the concerns and activity of the two parties, countries and peoples for the fulfilment of socioeconomic development plans, and the implementation of the decisions made by the 13th RCP Congress and by the 27th CPSU Congress, respectively.

The talks proceed in the same comradely atmosphere of warm friendship.

Lidiya Gromyko Visits Enterprise

AU1105142088 Bucharest AGERPRES in English 1356 GMT 11 May 88

[Text] Bucharest, AGERPRES, 11/5/1988—On Wednesday Lidiya Gromyko was the guest of the ready-made clothes and knitwear enterprise in Bucharest.

On the occasion the guest was presented the activity of that large enterprise of the Romanian light industry, the present concerns of the workers and specialists there, as well as the most recent creations of that enterprise.

Visits Bucharest Social Units

AU1205144588 Bucharest AGERPRES in English 1455 GMT 11 May 88

[Text] Bucharest AGERPRES 11/5/1988—Wednesday, May 11, Nicolae Ceausescu and Andrey Gromyko paid visits to places of social interest in Bucharest.

The Soviet guest was shown aspects of the development and modernization of the Romanian capital city, the stage in carrying through the housing construction development programme and city planning.

The visit was an opportunity for the Soviet guest to see how the Dimbovita River has been improved, and learned about the project for the building of the Bucharest-Danube Canal which will provide for a direct link between the capital and the Black Sea.

Several elements defining for the current and future preoccupation to modernize Bucharest were brought to the fore during the visit to the "Victoria Socialismului" Boulevard, which is in an advanced building stage, to the Republic House and other outstanding architectonic complexes.

The agroindustrial shopping area "Unirea," one of the largest and most modern units of the kind in Bucharest, was also visited.

Nicolae Ceausescu and Andrei Gromyko, accompanied by Romanian and Soviet officials, also saw round the second main line of the Bucharest subway. They travelled by a special train from "Piata Universitatii" to "Piata Aviatorilor." The Soviet guest was informed about the main construction characteristics and the technical solutions applied.

Andrey Gromyko was appreciative of the Bucharest City development and modernization programmes and of the achievements scored along this line.

Exchanges Toasts With Ceausescu

AU1105193388 Bucharest AGERPRES in English 1857 GMT 11 May 88

[Text] Bucharest AGERPRES 11/5/1988—RCP general secretary and President of Romania Nicolae Ceausescu and Elena Ceausescu gave an official dinner on Wednesday, 11 May, in honour of A.A. Gromyko, member of the Political Bureau of the CC of the CPSU, chairman of the Presidium of the Supreme Soviet of the USSR, and Lidiya Gromyko.

During the dinner, which passed in a comradely atmosphere of warm friendship, Nicolae Ceausescu and A.A. Gromyko proposed toasts followed with keen interest and punctuated by applause.

Ceausescu Toast

AU1105200588 Bucharest AGERPRES in English 1922 GMT 11 May 88

["President Nicolae Ceausescu's Toast" at dinner given in honor of Andrey Gromyko, member of the Politburo of the CPSU Central Committee and chairman of the Presidium of the Supreme Soviet of the USSR, in Bucharest 1 May]

[Text] Bucharest AGERPRES 11/5/1988—In the toast proposed at the official dinner given on 11 May in honour of A.A. Gromyko, President Nicolae Ceausescu showed that the distinguished Soviet guest's visit to Romania was another major expression of the friendship and cooperation between the Romanian Communist Party and the Communist Party of the Soviet Union, between the Socialist Republic of Romania and the Soviet Union, between the Romanian people and the Soviet peoples, of the common wish to take those traditional relations onto a higher level.

The friendship and solidarity between the two peoples and parties, the speaker said, was cemented by the blood of the Romanian soldiers who, in the second part of the war, fought shoulder to shoulder with the soldiers of the Soviet Army sacrificing their lives to defeat Hitler's war machine and save mankind from the most dangerous enemy of the peoples—fascism.

The Romanian-Soviet links have strongly developed in all areas, underlain by the principles of full equality, national independence and sovereignty, noninterference in internal affairs and mutual advantage, the noble ideals of socialism. The RCP and the Romanian people, the speaker went on, are highly appreciative of the Romanian-Soviet bonds and are determined to further do their utmost for them to assert themselves ever more powerfully as an example of relations between neighbour and friendly socialist countries. The RCP and Romanian state leader stressed on that occasion too the highly significant role of the talks held and understandings reached at top level in the continuous strengthening of the Romanian-Soviet friendship and cooperation mentioning the particular importance of his meetings with the general secretary of the Central Committee of the Communist Party of the Soviet Union, Mikhail Gorbachev, which each time went down as highly important moments in the development of bilateral links.

Assessing that the long-term programme for the growth of economic, technical and scientific cooperation between Romania and the USSR until the year 2000, the other understandings provide a broad framework for the development of the Romanian-Soviet ties in most varied domains, for the strengthening of friendship and bilateral cooperation, President Nicolae Ceausescu expressed the belief that the meetings and talks to be held these days would open new prospects to the strengthening of the Romanian-Soviet links, to the intensification of cooperation in the political, economic, technical-scientific, cultural and other areas of common interest.

We bear permanently in mind that socialism is differently built from country to country, that essential for the victory of the new system is the firm, creative application of the general principles and laws of socialism to the specific conditions in each country.

The speaker showed that the Communists, the whole Romanian people were highly appreciative of the historic accomplishments of the peoples of the Soviet Union in the over 70 years since the victorious Great October Socialist Revolution, of the great achievements in building socialism. We follow the concerns of the Soviet peoples to carry inio effect the resolutions of the 27th Congress of the Communist Party of the Soviet Union regarding the development of all the areas of the economic and social life, the broadening of socialist democracy and the rise of the whole activity of building the new system onto a higher level, President Nicolae Ceausescu said underlining that the achievements of Romania and the Soviet Union, of all the countries that build socialism, their efforts to make the best of the possibilities provided by the new social system are a highly significant contribution to enhancing the might of socialism, its prestige and influence among peoples, to strengthening the forces of progress and peace worldwide.

Referring to the international situation he considered rather serious and complex, the RCP and Romanian state leader showed that all peoples should intensify their efforts ane actions for the halting of the dangerous course of events and the firm assertion of the policy of peace, disarmament and broad collaboration among all nations.

President Nicolae Ceausescu assessed that the signing of the treaty between the Soviet Union and the United States of America on intermediate- and shorter-range nuclear missiles was an event of special significance, a proof of the fact that problems can be solved by way of negotiations. He underscored the need to reach new understandings and work for the implementation of a complex disarmament programme conducive to liquidating nuclear weapons by several stages, stopping nuclear tests and the militarization of outer space, and eliminating the danger of a devastating nuclear war. Mankind's future can be ensured only through the complete elimination of any nuclear and chemical arms, the substantial reduction of conventional weapons, troops and military budgets, a realistic policy of collaboration and understanding among all states, and not through new weapons, Nicolae Ceausescu pointed out. He mentioned that Romania had taken consistent action for the successful conclusion of the all-European conference in Vienna, for the broad and unhampered development of economic, technical, scientific and other collaboration among the countries on the continent, for a Europe united in the diversity of social systems, a Europe of peace, understanding and collaboration.

Showing that Romania militates firmly for the transformation of the Balkans into a zone of peace and understanding, free of nuclear and chemical weapons, without foreign troops and military bases, for the calling of a conference at the level of heads of state and government in the region, the Romanian head of state showed that his country also backed the creation of such nuclear- and chemical-free zones in northern and central Europe as well as in other parts of the world.

Romania, he further said, is and takes sustained action for the elimination of the use and threat of force from interstate relations, for the resolution of all disputed issues in various regions—the Middle East, Central America, Asia and Africa—by peaceful means, through negotiations alone.

Undoubtedly that the building of the new society required and requires great efforts by every people, with many problems to be overcome and many shortcomings liquidated while advancing on the road to socialism—

but life, the experience gained so far strongly prove that socialism alone ensures the economic and social growth of each people, a free, dignified and happy life.

In connection with the deteriorating world economic situation which virtually affects all the states of the world and more particularly the developing countries, Nicolae Ceausescu declared for the calling of a UN-sponsored international conference to be attended on an equal footing by both developing and developed states so as mutually acceptable solutions be found and underdevelopment-related problems be globally settled, including the developing countries' foreign debt and the building of a new world economic order.

In concluding his toast, Romania's president underlined that a just and durable solution to the complex problems of our days can be found only with the active and equal participation of all states, whatever their size or social system, and declared for a growing role of the UN in a democratic settlement of the questions on which all peoples' peace and progress depend.

Gromyko Toast

AU1105203888 Bucharest AGERPRES in English 1947 GMT 1 May 88

["A. A. Gromyko's Toast" at dinner given in his honor by Romanian President Nicolae Ceausescu in Bucharest 11 May]

[Text] Bucharest AGERPRES 11/5/1988—The lasting relations of good neighbourliness between the fraternal peoples of the Soviet Union and the Socialist Republic of Romania boast deep roots, A.A. Gromyko said in his toast at the official dinner given in his honour on May 11. He also showed that at the start of century it had been through Bucharest and Iasi that the road passed taking Lenin's "Iskra" to Petersburg and Moscow, with the Romanian socialists helping Russian social democrats in that action.

Furthermore, history did not forget that the crew of the battleship "Potemkin," undefeated by tsarism, had steered the ship to Romania, where they were received with sympathy by the working people, the speaker that in the final stage of the second world war the Romanian soldiers fought against fascism shoulder to shoulder with the Soviet soldiers.

Highlighting the joint sacrifices made for the victory over fascism, A.A. Gromyko showed that the Soviet-Romanian relations drew on the friendship that has been strengthened by the common goals in socialist construction.

The speaker also outlined the Soviet working people's concerns to implement the resolutions of the 27th CPSU Congress, to welcome the 19th party conference which, he said, is to expand the horizon of changes, set the lines for the reorganization of the political structure and point the way to boost the role of democratic bodies.

The speaker also pointed out that solving the major problems facing the Soviet people, the USSR shows interest in and pays attention to the experience acquired by the other socialist countries. In that context, A.A. Gromyko said: The forms of collaboration between the Soviet Union and Romania cover various areas and numerous positive results have been yielded. However, the dynamism of the development of socialism always poses further tasks and calls for a higher capitalization of the possibilities offered by socialism, for the enrichment of the content of the Soviet-Romanian links, for their growing efficiency for the benefit of the peoples of the two countries, for a more fertile character of collaboration in all areas.

What matters now is the translation into palpable facts of the prospects of the Soviet-Romanian relations. A fine foundation in this respect was laid by the results of the talks conducted in Bucharest between Mikhail Sergeyevich Gorbachev and Comrade Nicolae Ceausescu during the official visit of friendship the general secretary of the CC of the CPSU paid to Romania last May.

At present, questions related to the expansion and deepening of mutually advantageous economic links and the growth of the efficiency of bilateral cooperation are in constant focus. In this respect, we share the same aspirations, as is but natural. As world practice shows, specialization of and cooperation in production and the international division of labour are forms of collaboration more advantageous than the mere growth of the volume of commodity exchanges.

These forms better orient production to technical and scientific progress and provide for the attainment of the common goal concerning the rise in the competitivity of our products in the world market.

Referring to international issues, the speaker showed that the influence of the new political thinking was felt ever more strongly in world politics. All the peoples wish to make of peace and disarmament and, above all, the elimination of nuclear arms, the heritage of this century.

No sensible individual, the speaker went on, will try to deny that scores of states and even entire continents face poverty, are deprived of rights and live under the yoke of servitude, which is imposed by a number of big industrial powers. One of the most efficient ways of removing the economic servitude would be disarmament and the use of the funds thus released to assist the poor countries.

Naturally, the United Nations Organization too, whose activity is paralyzed by those unwilling to give up the arms race, could do a lot in this respect.

It is the duty of all—big and small—states, irrespective of the socialist system in which their people live and develop, to do their utmost for disarmament and peace on earth.

The speaker also referred to the underway negotiations for the conclusion of an accord between the Soviet Union and the United States of America on the reduction of offensive strategic weapons, with the observance of the anti-missile defence treaty. The removal of all the obstacles posed to the signing of that accord is an important and complex problem, he said, showing that that problem could be solved if the two sides had equally aspired and were firmly determined to end their negotiations with positive results.

Showing that the USSR was highly appreciative of the efforts made by the fraternal socialist countries for the removal of the nuclear threat, A.A. Gromyko said inter alia: In this respect, we fully support Romania's and Bulgaria's initiatives for the creation of a nuclear- and chemical-weapon-free zone in the Balkans.

The fulfilment of this idea and of other constructive proposals advanced by fraternal countries would go down as a significant contribution to disarmament, to the organization of regional and all-European collaboration, to security and confidence-building in Europe.

Ceausescu Speech at 29 Apr PEC Meeting

AU1005160781 Bucharest SCINTEIA in Romanian 4 May 88 pp 1, 2, 3

["Comrade Nicolae Ceausescu's Report on Certain Questions Regarding Socioeconomic Management, Ideological and Political-Educational Work, and the International Situation"]

[Text] Esteemed comrades: Considering the way our plan and socioeconomic development programs are being implemented and in view of certain problems and changes in the international arena, I believe it necessary to have a brief discussion of these questions within the PEC. On the basis of these conclusions we will draw, we shall prepare a broader discussion during an RCP Central Committee Plenum.

On the whole, we may say that the activity of implementing the 5-year plan and the programs for branches and sub-branches of the national economy is progressing with positive results generally speaking, despite that fact that there are a number of shortfalls and difficulties in various areas.

Taking this into account, I believe that we have to thoroughly examine certain problems of socioeconomic management and planning to establish the necessary measures to perfect all our activities in keeping with the decisions of the 13th RCP Congress and the RCP National Conference. We must move from the conclusion that our general line and development strategy are fully correct and in keeping with both objective laws, general legality, and with the requirements and potential of our homeland's development.

Generally speaking, our 5-year plan and programs for branches and sub-branches will ensure the smooth development of our entire society and aim at eliminating certain disproportions and ensuring a balanced development in all areas.

I believe that given the results achieved in the first 2 years of the current 5-year plan and in the first months of this year we may say that our plans and programs are fully in keeping with socioeconomic realities and with the requirements of progress and development of our socialist society on the basis of the most modern achievements of science and technology. They are also in keeping with our people's potential and with the need to constantly raise the level of civilization, develop the forces of production, science, education, and culture, and to improve our people's material and cultural standard of living. Despite all this, as I have mentioned, there are a number of shortfalls and difficulties in various areas. Achievements do not match our material-technical potential or the efforts made by our people under the party's leadership.

This means that there are still serious failings in the management and organization of activities. In point of fact, we have discussed this problem before, including at the last Central Committee plenum and in some of the PEC meetings; however, in my opinion, no appropriate conclusions have been drawn to take the necessary measures in order to perfect the management and planning activity in all areas. We cannot yet be satisfied with the way central departments and enterprises are playing their role in all socioeconomic activities. This, because of the way in which the management of central departments and economic units are fulfilling their duties and also because of the way in which central bodies continue to underrate or somehow keep—or push aside—central departments from fulfilling their duties. This actually means not understanding the principles of democratic management, self-management, self-administration, self-financing, and the role of democratic bodies, it also means a certain mistrust in the capability of the management of these bodies to solve problems, and, in my view, it means overrating the capability of central bodies that believe that they can solve problems better instead of helping central departments and the management of central departments and enterprises.

Practice and the long-standing experience we have gained during almost 20 years of our system of revolutionary workers democracy, of self-management, and self-administration demonstrate on the basis of facts—as we have stressed more than once—that it is no longer possible that the comprehensive activity of the national economy and of the development of our society be carried out only by our central apparatus, by disregarding the democratic bodies in units. The democratic

system we have created moves from smoothly combining the role of central bodies and of the uniform national plan for socioeconomic development to increasing the responsibility and duties of central departments, enterprises, and democratic bodies in formulating and implementing our party's and state's domestic and foreign policy.

We must draw all the necessary conclusions and must firmly apply decisions, principles, and the country's laws in this respect that have fully proven their correctness and effectiveness!

No matter how well an official or a group of officials from the State Planning Commission and from another ministry work, they are not able to resolve the heart of the multiple problems, in enterprises, and in central departments. These problems must be solved with the broad participation of all specialists, collective leadership bodies, and the working people in each unit.

We have established a good framework for our planning system. However, we must make it function with maximum efficiency. The Supreme Council of Socioeconomic Development does not operate under the best of conditions either. I am stressing this because we must take decisive measures so that the bodies we have created can work appropriately and so as to renounce the bureaucratic and administrative system in the planning and management activity. Many of our problems, including some of those that have emerged in the past months, stem from the fact that the principles of management and planning on the basis of self-management, self-administration, and the responsible operation of all democratic bodies were not applied firmly. This holds true also for ministries which, in fact, often continue to work in an outdated manner and with outdated practices, without relinquishing them and changing to a new work style.

In all these activities, we must move from the decisions of the 13th RCP Congress and the RCP National Conference and from the general provisions of our party's policy regarding the decisive role of science and education in all socioeconomic activities. We must actually draw conclusions from what we have established—namely that socialist construction can be carried out only on the basis of the most modern achievements of science and technology and human knowledge in general; of the close link between science, education, and production; and on the basis of constantly improving the standard of technical-professional knowledge of all our working people.

We have positive results in this area, too. However, moving from the decisive role of science in our overall development, I believe that improvement is needed in ensuring the participation of scientific bodies and organizations, beginning with the National Committee for Science and Technology, in formulating our development plans and programs. We have good regulations and active participation can be noted in general. However, I believe that in its capacity of a body coordinating scientific activity in general, the National Council for Science and Technology must play, in its turn, a more active role, together with the State Planning Committee, the role of secretariat of the Supreme Council for Socioeconomic Development. This means that all plans and programs must be drawn up—not only as far as research is concerned but on the whole, including all problems—by these two bodies in close cooperation, together with the other bodies we have. These plans and programs must be submitted to the Supreme Council for Socioeconomic Development—as the supreme body of planning and management of the socioeconomic activity—and to the Central Committee and the PEC accordingly.

Similarly, it is necessary for the Academy of the SR of Romania, the specialized academies, central institutions, and research institutes in general to participate more actively in the management activity of ministries, central departments, and the various socioeconomic units in order to not only affirm, but also put in practice in all areas, the active involvement of science and research in the whole development process, including the formulation and implementation of plans and of the policy of our homeland's development in general. We must pay greater attention to the implementation of research programs and especially to introducing the achievements of modern science and technology more rapidly into all areas. We have achieved—I repeat—positive results; however, taking account of the rapid rate of development of science and technology and of the rate at which new products appear, we must insist more on these matters and eliminate lags in this area.

The strategic goals of our society's development and of moving to a new stage in the current 5-year plan—the stage of a medium-developed socialist country—of implementing, by the year 2000, the program of building the comprehensively developed socialist society and creating conditions for the ever broader affirmation of the communist principles of work and life ensure broad and excellent prospects for our homeland's progress. We must work with great determination to ensure the constant fulfillment of the current 5-year plan which plays a decisive role, I should say, in our development up to the year 2000.

The decisions of the 13th RCP Congress regarding our move from extensive development to intensive development, and to achieving a new quality in all socioeconomic areas must be well understood.

In this sense, we must pay greater attention to implementing the programs for the organization and modernization of the production process and the program for the economical-financial norm setting, and all the provisions they incorporate. We must say that there are some very serious shortfalls; some sectors are working pro forma without trying to take all the necessary measures on schedule to ensure the modernization and

improvement of all our activities and firmly organize the production process on the basis of self-management, self-administration, and self-financing, with everything this entails.

We must therefore examine more thoroughly our work, that of the Central Committee, of the PEC, the State Council, and the other bodies in order to increase their responsibility not only in accordance with the role and duties they have in our society, but also in accordance with the need to increase the personal responsibility of each party and state activist.

We must make it well understood that the collective responsibility of management bodies does not, cannot, and should not replace individual responsibility; each of our activists and management cadres that belongs to a management body also has direct responsibilities in various areas and must honor them appropriately; they must account for their activity and report on it to the management bodies. This requires a more firm application of the provisions of the party statute and of the country's laws—namely that periodically each activist, irrespective of his position, should report to the management bodies, the Central Committee, and PEC, the State Council, the government, and the other democratic bodies on how he is fulfilling his duties.

I must frankly say that these very important management principles are not functioning as they should at the central level, nor do they function appropriately in counties, cities, communes, enterprises, and institutions.

When speaking about improving management, I believe we must proceed from a better distribution of cadres and labor, and also from strengthening control and reporting, and thus from making each one account for his own work. Criticism and self-criticism are not enough! They are undoubtedly important factors in democratic management and in perfecting the management system. However, self-criticism is of value only if the necessary conclusions have been drawn from it and action is being taken to eliminate shortfalls, and if we can actually note that these shortfalls have been eliminated from the work of each party and state activist. The same holds true for criticism. True, we criticize a great deal; however, I have the impression that we do not always draw the necessary conclusions and do not take the required measures when we note that problems are not solved and things do not improve. I must admit that I have the impression that some activists have taken the attitude: "I shall be criticized again, I shall admit my mistake again, and I will make new pledges and be done with it!" But this is not a revolutionary spirit, a revolutionary and communist understanding of the management and role of criticism and self-criticism, and it has nothing to do with revolutionary workers democracy. On the contrary, this way of thinking is at variance with and is harmful to the development of our revolutionary workers democracy.

It is necessary to act with great determination to increase responsibility and strengthen order and discipline in work and in all areas. We must fully understand that our broad democratic system must not weaken, and order and discipline must not slacken by any means; on the contrary, it implies a greater sense of responsibility—from top to bottom—toward the party and the people. This, one can say, is a very important requirement of the party democracy and of the revolutionary workers democracy in general.

We must proceed from the need to strengthen the role of state bodies and of our democratic bodies in the spirit of the principles of democratic centralism, of managing all our activities on the basis of the plan, and the uniform plans for socioeconomic development. Let us harmoniously combine the activity of state bodies with that of our democratic bodies to create appropriate conditions for the participation of the people's masses and of all our people in the management of our entire society and in consciously molding our people's destiny, their future, and in building socialism and communism!

We have a broad democratic system—workers' councils, county bodies, national councils for various areas, and periodic national congresses and conferences which, in the almost 20 years of functioning, have fully proven their correctness and superiority. We must work to continue to perfect our activity so that, beginning with general meetings of owners, producers, and end-users, working people's councils, and the other bodies, we will ensure a broad discussion of problems and the establishment of measures aimed at implementing all programs and decisions.

We must see to it that general meetings and working people's councils also play a more active role in strengthening the responsibility of all working people, and the order and discipline in all socioeconomic units. General meetings must not only discuss the problems of the given enterprise, but also the activity of the working people, and must call to account those members of the respective working collective who, through their work and attitudes, harm the collective and all activities.

I believe that we better combine the activity of state bodies and that of the bodies of our revolutionary workers democracy in adopting all decisions and laws, and in formulating our homeland's domestic and foreign policy.

Only in this way will the bodies of our revolutionary workers democracy be able to completely honor their great responsibilities in our socialist society. Generally speaking, we have a broad democratic system which is in keeping with our current stage of development. We have proceeded and continue to proceed from the fact that we are building socialism with the people and for the people, that the constant development of our revolutionary workers democracy is an essential factor for successfully building socialism and communism, for an advance in

our homeland's socioeconomic development, for improving our people's well-being in general, and for strengthening our country's independence and sovereignty.

We must firmly apply the new economic mechanism based on self-management and self-administration.

We must pay greater attention—as I mentioned at the beginning—to the proper operation of central departments and enterprises and we must proceed firmly, by eliminating any reticence, to the formulation of our development plans for central departments and enterprises whose management bodies should, of course, proceed from a complete utilization of production capacities, of the material-technical base, and of the available labor force.

It is also necessary to be more consistent and exacting in implementing the cadres policy in general and in the activity of improving their knowledge and raising their scientific, technical, professional, and political standards. We discussed these problems at the Central Committee plenum. However, I believe that in this respect it is necessary to firmly apply the statute's provisions on party cadres and the country's laws for state cadres. When promoting cadres, let us firmly apply the system of competition for jobs, for management positions, and even of competitions within enterprises when changing from one category to another, or when improving the level of workers' qualifications. Let us apply the principle of rotation more firmly, and the trial and trainee period that we have envisaged for both party and state cadres in all areas. However, I repeat, above all we must pay greater attention to improving the level of knowledge, beginning with party cadres—not only certain general knowledge, but knowledge linked with the current level of the development of society, of science, and technology. Special attention must be paid to becoming acquainted with economic and management problems, and with all the other problems which are essential, so that activists, and party and state cadres are able to meet their responsibilities properly. I want to say frankly, I have the impression that we are not doing all we can, that there are numerous sectors in which we continue to appoint people who are not well-acquainted with problems, and who, for this reason, cannot ensure proper leadership and the fulfillment of the tasks entrusted to them.

We have positive decisions. However, I believe that we must ensure their implementation by all means. Beginning with the Central Committee and the PEC, each individual must understand that one has to study, constantly study, and learn! What we tell the young people holds true for all: Learn, learn, and learn again! One cannot ensure appropriate management without understanding the changes that are constantly taking place in society and in the development of the forces of production, of science, culture, and world knowledge.

In the activity of enhancing the role of central departments and enterprises, I believe we must adopt better measures to develop contests and competition between enterprises in the same branch and in other sectors. Let us eliminate uniformity, anonymity, and the presentation of products as a whole of the respective branch and let us present them, as we said once upon a time, with the trademark of the given factory! Let me begin with consumer goods, we have scores of enterprises of the same kind, while in the market there are actually fabrics, garments, and other products of unknown manufacture. Unfortunately, these products are not always of appropriate quality. This also holds true for machine-building, the food industry, and actually for all sectors. We must better organize competition between enterprises to achieve high-quality products.

We have scores of units manufacturing yarns and fibers; scores of textile, garment, knitwear units; units of the food industry including canneries, salami, and sausages units; bakeries; and units for other consumer goods. In fact, recently we discussed the need to improve the quality of bread in Bucharest. It is therefore necessary to eliminate uniformity in the presentation of products and to proceed to the development of competition and the presentation of products in such a way that the respective working collective can be proud of them. Undoubtedly, general appreciation is a very important thing; however, manufacturing better products must also be to the advantage of the working collective, which yields better products from all viewpoints. In competition, the quality of products, cuts in material consumption and expenses, increased labor productivity, efficiency, and profitability, and all the other criteria required to measure one product or another must be given priority. We have socialist competition, but I want to say frankly that in my view it has taken on a somewhat formal character. Certain general indicators are being taken as a basis—some sort of score—and sometimes the first or second place is held by enterprises whose outputs do not entitle them to this, but who have attained together general indicators on the basis of which the respective enterprises hold this place. Quality and production efficiency should be the basic criterion in this respect. We have to proceed on the basis of this consideration.

This also means an improvement in the socialist competition system. It means the introduction of new criteria for competition between enterprises, and for presenting products bearing the trademark of the given enterprise and of the working collective that manufactured them, and it means the introduction of appropriate advantages for those who work best from all viewpoints, in keeping with the legal provisions. The activity of the working people's collectives must be reflected in the products they manufacture. The workers and all personnel should, indeed, be able to take pride in their products on the market or in exported products which are considered good. I must say that I was pleasantly impressed in several countries I visited recently, when I was told that Romanian products are good. We certainly do have good

products, but we also have certain poor-quality products, and therefore we have many things to do because the problem of quality is a constant problem. We must constantly improve quality and efficiency, and everything this entails.

Let us firmly apply the socialist principle of remuneration in close connection with results achieved, both personal results and especially the results of the given unit in general.

We have introduced the principle of the overall contract system. Where it is being applied we have achieved positive results and we must see to it that it functions in reality not just from a statistical point of view because, if we consider statistics, 95 percent of units are operating according to the overall contract system. However, reality is different! The overall contract system is not being appropriately applied everywhere. There is another phenomenon that we have to take into consideration: a certain lack of consideration of the results of the given enterprise in general. However, we must firmly link the overall contract system to the results achieved by each one in the production process and to the results of the whole working collective, and of the given unit in general, because personal results will be good only in line with the extent to which the whole unit and enterprise fulfills the plan under favorable conditions and manufactures high-quality products. There is a close dialectical unity between material incentive, between personal incomes, and the development of the given enterprise and unit in general.

It is necessary to enhance the responsibility of the working people's collectives as owners and producers who are administering a part of the wealth of the whole nation.

I believe that we must constantly bear in mind the fact that state and cooperative socialist ownership is the only lasting basis for socioeconomic progress and the successful construction of socialism and communism.

As is well known, in the years of socialist construction, and especially in the wake of the Ninth RCP Congress, the national wealth amounted to some 5 trillion lei, of which more than 3.2 trillion lei were fixed assets. This increase was possible due to the allocation of some 33 percent of the national income for development purposes in the past 23 years.

Our experience and that of other states confirms the correctness of the objective laws on accumulation and enlarged reproduction.

This is why we must continue to ensure a just distribution of the national income—some 70 percent for the consumption fund and 30 percent for the development fund. International experience and our own experience demonstrates that, in order to have the necessary accumulation fund, it is necessary to substantially cut military expenditures.

Constantly increasing the national wealth—primarily the fixed assets—on the basis of the most modern achievements of science and technology, and an equitable distribution of the national income are the only means to raise our homeland to new heights of progress and civilization, to constantly improve the material and cultural standard of living of all our people, and to strengthen Romania's independence and sovereignty. This holds true for all socioeconomic areas.

In the area of agriculture, I would like to draw attention to the need to pay greater heed to strengthening cooperatives, state enterprises, and their activity in general. What I actually have in mind is the fact that we must concern ourselves more seriously with incorporating all agriculture more vigorously into the socialist system of agriculture and with bringing together all the peasantry within agro-industrial cooperatives, in a form of cooperation within cooperatives or within state enterprises. In hilly or mountainous areas—where we have a great many pastures that are not rationally utilized—we must develop new state or cooperative farms and, I repeat, we must achieve broad cooperation with peasants in those areas as well. We must act to increase the role of and to strengthen the cooperative and state ownership in all agricultural areas; we must ensure that the basic incomes of all peasants are closely linked with the socialist sector of agriculture.

We must also firmly apply the decisions of the RCP National Conference and of the people's councils' conferences on town planning. We must take measures to ensure the observance of legal provisions on built-up areas and on limiting them. Even if the application of these measures requires a longer period of time, we must limit these areas properly and make sure that nothing is built outside these areas. Thus, it is necessary to reduce some communes by merging them. It is also necessary to reduce the number of villages to almost half, establish those that will remain villages and define their size, and it is also necessary to make sure that all new construction work will be carried out solely in those localities, while gradually stopping investments [dezafectare] in the other half of the villages. This will certainly take a long time, for we should not force things.

This requires material means and work, but let us do this properly. Around our capital, in the Ilfov agricultural sector, we must actually finish town planning in general terms in the coming 3-4 years. Generally speaking, in the current 5-year plan we must finish the measures for organizing and establishing the agro-industrial centers and agro-industrial towns within the framework of agro-industrial councils. We also have to examine the number of these councils in connection with the planning and organization of socialist agriculture. In this respect, let us

do all we can so that in the current 5-year plan we will set a solid basis in each council, so that by 1995 we will have properly defined each agro-industrial city center, and so that we will practically have finished organizing them in a modern way by the year 2000. Similarly, let us continue the modernization and appropriate organization of those communes and villages which will continue to remain villages as planned.

I stress this because in the coming months the PEC and the Central Committee plenum have to adopt the necessary measures and programs for systematization and organization, which are a requirement of socialist development and of the party program to build the comprehensively developed socialist society. This will ensure the diminishing and even elimination of certain essential differences between villages; it will bring the living and working conditions in villages increasingly closer to those in cities; and will create the necessary conditions for a homogeneous society of working people with the same aspirations and the same interest in building the free life they desire.

Esteemed comrades, I would like to draw attention to economic-financial problems and especially to the need to perfect the activity of financial bodies, which must radically change their work, must understand, and play their very important role in managing the national economy and all areas on the basis of self-management, self-administration, and self-financing. It is necessary to improve the economic-financial control activity, specifically preventive control, beginning with central bodies. We have a special body in this respect, which must improve its activity so that, beginning from the top, it ensures the proper operation of the whole economic-financial system, of preventive control, and a rational and economical utilization of material and financial means, including the labor force. In the final analysis, economic-financial problems do not boil down to just spending money. The labor force represents a decisive and revolutionary factor for development. In the coming period we have to adopt the necessary measures in this respect.

Moreover, in the spirit of the decisions of the 13th RCP Congress and the Central Committee plenums, we have to work to enhance the role of party bodies and organizations in all areas. What we have discussed so far must be the focus of the activity of all our party bodies and organizations. Playing the role of the political leading force implies that each party organization or body and each party member must be active and assume full responsibility in implementing the party policy and in ensuring that activity in all areas takes place under the best of conditions.

The party's leading political role in all socioeconomic areas is increasing even more in the new stage of socialist construction and in the future.

This requires the active participation of party cadres in the management of all areas. Our Communist Party has assumed responsibility for leading all our people on the road to the new social system and toward a dignified and free life!

The party must not turn into a club for general discussions, but must represent the vital core of the whole nation.

It must be the organizer and dynamo of activities in all areas to ensure our country's development in general. The party, its cadres, and the party members should not stay outside the activity of implementing the country's decisions and laws.

The Communists and the party's main cadres must be in the forefront in solving the most difficult and complex problems. They should not replace state and democratic bodies, but should ensure their proper operation, while being fully responsible toward the party and the people.

In their activity, the Communists, and the party aktiv, and cadres must constantly strengthen their ties with the masses of working people and with the whole nation.

Any weakening of the party's leading role and a failure to participate directly in implementing the domestic and foreign policy will sooner or later lead to its isolation from the people's masses and to the weakening of the party, and this will have serious consequences for successfully building socialism. The whole international experience of the activity of political parties proves this on the basis of facts.

At the same time, we must constantly perfect the party's organizational framework and its working methods and style. We must continuously develop the party's internal democracy, revolutionary criticism, and self-criticism.

We must ensure the party's ideological and political-organizational unity.

Let us never forget that the party's unity is a supreme guarantee for enhancing its leading role and successfully implementing the party program!

A radical improvement in the activity of trade unions is necessary. I must say that, in my view, trade unions—both those in enterprises and, specifically, the central bodies of trade unions—are not playing their full role in our society, and easily overlook problems in enterprises. They should fulfill their duties more actively within the system of our revolutionary workers democracy; they should constantly concern themselves with the activity in enterprises and the production process, with the social problems of our people, and with all the other problems emerging in enterprises. We should see to it that the trade unions become involved in solving all problems in the life and activity of enterprises and that they pay special attention to social problems. Undoubtedly, this

holds true for the working people's councils; however, a special responsibility rests on trade unions in this respect and in the political-educational activity, in professional training, and increasing the revolutionary awareness of our working people.

The Union of Communist Youth, women's organizations, and the other mass organizations have to draw appropriate conclusions and ensure that they play their role better in all activities. I would like to draw special attention to the need for the Union of Communist Youth to intensify its political-educational activity among the ranks of young people and to adopt a firm attitude toward certain negative signs in one area or another. Formerly we had a good custom whereby the Union of Communist Youth and students' organizations adopted measures and carried out control work, including control over the conduct of young people in society. This concern has quite disappeared today and that is not good, because the molding and education of young people must be one of the very serious concerns of the youth organizations, of women's organizations, and of all our party organizations.

We must dynamize the activity of the Socialist Democracy and Unity Front and concern ourselves to a greater extent with it, for it represents a strong power and ensures the organized participation of nonparty citizens in all political activities under the leadership of party organizations.

In the social structure, changes in the role of classes and social categories have taken place and constantly continue to take place. The former exploiting classes have completely disappeared and, as a consequence, ownership and material conditions for the existence of oppressors have been removed for good.

With great exactingness, we must ensure that no conditions should exist for the exploitation of man by man, so that no one may live without work or from the work performed by others.

On the basis of the forces of production, and on the basis of state and cooperative socialist ownership, the workers class, which represents the most powerful social class of our socialist society, increased vigorously.

The workers class has become a new class of owners and producers. The standard of professional and technical knowledge of the workers class, and its cultural standard in general, has improved. The new workers are the graduates of our 10-grade educational system and an increasingly greater number are graduates of high schools—that is, of 12-grade education. At the same time, specialists with higher studies are working in various specialized areas.

Along with the introduction of the 12-grade educational system, the new workers will be graduates from the 12-grade high schools. At the same time, we have to bear in mind that an increasingly greater number of specialized jobs in the production process and in other areas must be held by workers with higher studies. Therefore, we must proportionately increase the number of students and graduates.

Changes of great importance have taken place among the ranks of the peasantry, which has embarked on the road to cooperativization. The professional and cultural standard of all peasants has also improved.

The tremendous development of the forces of production, the overall socioeconomic development, and the greatly enhanced role of science, education, and culture have largely increased the number of intellectuals from among the ranks of the workers class, the peasantry, and other working social categories, and have specifically raised the scientific, technical, and cultural standard of the intelligentsia, which represents a powerful force in the production process and in all social activities.

The indissoluble unity of the workers class, the peasantry, and intellectuals, and of the other working social categories constitutes the solid foundation of our socialist system.

In the revolutionary process of building the comprehensively developed socialist society, we will increase the process of raising the level of political-educational training and knowledge of all social classes and social categories.

The process of bringing social classes and social categories closer to each other and of homogenizing them will take place on the basis of the latest discoveries in science, technology, and culture and of achieving an ever closer cooperation in the production process, thus we will raise the whole society to new pinnacles of progress and civilization.

This lawful revolutionary process will steadily and inevitably lead to the strengthening of unity and will homogenize the workers class, peasantry, intelligentsia, and the other social categories, which, through the social division of labor, will make up a uniform working people, conscious builders of their destinies and of the most just system ever known by mankind—communism.

During the years of socialist construction, particularly after the Ninth RCP Congress, we established a new legal system and we strengthened and developed the socialist rule of law.

After the Ninth RCP Congress we completely eliminated the signs of the serious violations of law and of abuses that took place at the beginning of the fifties.

We must ensure the appropriate functioning of the judicial system and of the trial councils, in which working people play the decisive role, and we must firmly strengthen the socialist rule of law.

We should be careful not to let anybody be unjustly sentenced, but at the same time we should see to it that each person who violates the laws of the country and harms the interests of the people is tried and punished.

The rule of law and revolutionary humanism requires a firm attitude to those who do not observe the general interests of the socialist society.

We will have to see to it that all the security bodies and the militia are constantly under the control of the party bodies and have to account for their activity to the party and the people.

Likewise, the prosecutor's office, all the tribunals, and all the judicial bodies should account for their activity to the party and the people.

This is the best guarantee that no more abuses will take place and the revolutionary rule of law will be observed, and at the same time this is a requirement of workers revolutionary democracy.

Therefore, in general I believe that we should draw a more detailed balance sheet of the whole organizational and management activity, in order to adopt the necessary measures in keeping with the new requirements and with the new stage of the process of building socialism in our homeland.

Esteemed comrades, within this framework, I would like to refer briefly to ideological and political activity. There is no doubt that we have achieved good results also in this area. As a matter of fact, everything we have achieved in all the fields of activity is also the direct result of the ideological, political, and educational activity. Nevertheless, as I mentioned at the party national conference and at the recent party Central Committee plenum, we can note certain shortfalls in this area. We have registered good results in the field of developing production forces and in our general development but we have not registered the same good results in raising the political-ideological level and revolutionary awareness.

We will have to do all we can so that in a short period we eliminate this situation and see to it that the political-ideological activity of creating revolutionary awareness and of shaping the new type of man become a stronger force and turn, if we may say so, into a true propelling force that ensures the advance of our whole nation on the road of socialism and communism.

In our whole political-educational activity we should start from the ideological program of the party and should strive for the implementation of all its provisions.

Certainly, the revolutionary concept about the world and life, the dialectic and historical materialism, and the principles of scientific socialism should be the base for all our ideological and political-educational activity. We should approach new ideological problems more boldly and develop the revolutionary concept about the world and life. We should draw the necessary conclusions from the social practice and from our whole activity and thus set up new paths for the progress of our entire society.

We should study and thoroughly understand the contradictions within the socialist society and we should work consciously to eliminate them.

We must never forget that the revolutionary process was not concluded when the democratic power of the workers class was installed or when we started building socialism. This process continues and will continue in the future. It represents the guarantee for further developing socialism and ensuring the transition to the stage of building communism.

We should start from the fact that socialism, everything we have achieved in Romania, strongly demonstrates the superiority of the system that eliminated forever the exploiting classes and the exploitation of man by man. These achievements and the superiority of our system should be emphasized in all our activity. In doing this, we should take into consideration the achievements registered in socialist development throughout the world!

We should emphasize more strongly the correctness of the general policy of our Communist Party, which has honorably fulfilled and continues to fulfill its historical mission, ensuring Romania's progress on the road of building the new society!

We should strongly develop a revolutionary spirit in our work and way of thinking, and in all areas, and should work decisively against all that is old and outdated, that is no more in keeping with the current stage; we should boldly promote new things as a requirement for developing our society—in the field of production forces, science, education, and culture—and thus ensure compete socioeconomic development!

We should pay closer attention to firmly fighting retrograde concepts and mysticism. We should see to it that all our people and young people develop a scientific concept about life, a concept that is in keeping with the great discoveries of science and of human knowledge, demonstrates the correctness of the materialist-dialectic and historic concept about life and about the materiality of the world. It also provides wonderful prospects for acquiring new knowledge and for ensuring our people's progress toward such high levels of knowledge and culture as will enable them to be truly free and true masters of their destinies and give them the opportunity to work consciously in order to change the world and establish a better and more just world.

In this respect, the activity of developing revolutionary awareness and of shaping the new type of man must be correctly understood. We should more resolutely promote the principles of social ethics and equity and firmly fight selfishness, individualism, and other types of humiliating behavior which, no doubt, are remainders of the past and of retrograde and outdated concepts, but which also show the backwardness of the political-educational activity. In this respect, we should strongly emphasize the correctness of the nationality policy of our party, forcefully fight all nationalist and chauvinist concepts, and educate our whole nation in the spirit of fraternity, solidarity, and of determination to work in complete unity, under the leadership of our party to implement the objectives for our homeland's socioeconomic development and for raising the material and cultural level of our people.

We should strongly develop patriotic education and pride in our revolutionary achievements and we should increase the responsibility and determination of the people to do all they can in order to contribute to the continuous development of the homeland and to strengthening its independence and sovereignty. Likewise, we should continuously develop the spirit of international cooperation and solidarity, of friendship with the peoples of socialist countries, with working people everywhere, and with all the forces that speak out for peace, independence, and the freedom of each nation!

We should improve party education in this respect. I am speaking about the party schools in connection with what I said previously about training our cadres, so that they can fulfill their leading positions in various areas but also in connection with the need to raise the ideological level in general.

We must improve our propaganda activity and link it more closely with production activity and all activity in every unit. We must improve the political education of the masses and raise their socialist awareness. I would like to draw particular attention to the need to improve the training of social sciences and set it on a firmer base and see to it that the party policy, the problems of socialism, and all the issues concerning socioeconomic development are thoroughly studied in all fields of our education.

We will have to more forcefully involve our creative unions in the field of literature, music, and the fine arts in the whole political-educational activity. With their work, these unions must actively participate in promoting the revolutionary concept, socialist principles, and the policy of our party, and must raise the general cultural level of the masses and of our whole nation. The press, radio, television, cinema, theater, and, in general, all the mass media and means of education should perfect their activity and should more intensively focus on the general issues of the homeland's development and on the political-educational activity of raising our whole nation's general cultural level.

We have everything we need to improve our whole activity. I would like to stress again that the economic principles and our organizational framework are in accordance with our current stage of development. We already possess great experience and we do not face the problem of making structural changes but of ensuring the optimal implementation of our economic principles and of taking measures to continuously improve our whole activity. We start from the fact that this is our constant, daily need. Nothing can be solved once and for all. We should constantly keep in mind that we must improve and perfect our whole activity, in accordance with the new objectives and with the new stage of development we are going through in all areas!

Esteemed comrades, I would like to refer very briefly to some general issues of socialist construction. Why do I consider this necessary? Because everything taking place in other socialist countries is known in our country and I think that we need an appropriate understanding of the general issues of socialist construction.

It is a well known fact that the issue of perfecting activity and eliminating some shortfalls or mistakes, with a view to ensuring the development of socialist construction, is an everyday issue in virtually every socialist country. Certainly, there are various ways of approaching these issues in one country or another. As is well known, we have always started from the revolutionary concept that socialism, as well as all the other systems, has its objective laws and is perfected continuously, in accordance with its stage of development. We have started from the revolutionary concept that socialism is built differently in different countries and in different stages of society's development and that the objective laws and principles of scientific socialism are applied differently by every party, in keeping with the concrete conditions and realities in the respective country. Something that was valid at one point in a certain stage becomes outdated and must be replaced with something different, that is in accordance with the new stage of society's development.

In this respect, I must stress that our party, particularly after the ninth congress, adopted a number of measures and improved management, planning, and organizational activity, including the activity of developing socialist democracy, as you very well know. Therefore, we do not have such problems any more.

Regarding criticism of some negative aspects in the past or at present, we believed and continue to believe that this has to be done from revolutionary positions, in order to eliminate everything that is negative, that is not valid anymore, and we should strongly emphasize all the achievements, everything good, everything that ensures the development of socialism and the firm progress of our socialist society. We have appreciated and continue to appreciate the revolutionary forces, the struggle of the people's masses, and the role of various personalities in various stages of the revolutionary struggle. As a matter of fact, the whole development of our society—including

the stage of socialism—is not carried out in a void but on the basis of the achievements registered throughout history, including both good and bad results. In this respect, we have criticized and continue to firmly criticize the bourgeois-landlord society. At the same time, we appreciated and continue to appreciate the long-standing struggle waged for social progress, which ensured the formation of our nation and of the unitary national state. We also appreciate everything that has been achieved in the years of socialist construction and I believe that we can generally state that, in the international arena, socialism fully demonstrates its superiority and the fact that it represents the present and the future of the whole mankind. We must strongly emphasize this superiority compared with any other social system, particularly with the bourgeois-landlord system and the imperialist system.

We will have to firmly apply the principles of our policy of strengthening cooperation and solidarity with all socialist countries and we will have to work to strengthen their unity, as one of the conditions for ensuring the successful construction of socialism in each country and increasing the attraction of socialism in the world. We are strengthening our relations with the developing countries in their struggle for progress and against imperialist and neocolonialist domination and oppression. At the same time, we are expanding our relations with the developed capitalist countries, on the basis of the principles of peaceful coexistence. We should always base our relations with other countries on the principles of equality, respect for independence and national sovereignty, noninterference in domestic affairs, mutual advantage, respect for each nation's right to develop freely, in accordance with its wishes. In this spirit, I would like to stress that it is necessary that in our relations of cooperation, our relations within CEMA, the Warsaw Pact, and various joint bodies and commissions, and in general in all our international relations, firmer action should be taken in the spirit of the positions of our party and state and our whole political activity, including our domestic and international activity of socialist construction and of peace, should be more militantly presented.

From world affairs, we proceed from the assessment that international life is still faced with serious and complex problems and that firm steps should be taken to pool all efforts to resolve these problems, bring about disarmament, primarily nuclear disarmament, eliminate nuclear weapons, achieve conventional disarmament, and reduce military expenditures. I must emphasize that I noted with great satisfaction—also during my visits abroad this year—that Romania's policy of peace, cooperation, and socioeconomic development is highly valued internationally. However, this forces us to better tackle both domestic and international problems, so as not to fail the expectations of our people and of our friends abroad. This proceeds from the fact that the results in socialist construction and the policies of each socialist country make a direct contribution to the overall cause of progress, peace, and a better and more just world.

We must further pay greater attention to the world economic situation, particularly the situation of developing countries. In addition, we should work together with other socialist countries to further help solve these problems. We must intensify activities and concentrate on solving all contentious problems among states through peaceful negotiations alone. Of course, I primarily have in mind the situation in the Middle East and the need to organize an international conference on that question as soon as possible.

On the Geneva agreements on Afghanistan, I believe that we should welcome their conclusion as well as the decision to begin the withdrawal of Soviet troops from Afghanistan. As a matter of fact, Romania—as is well-known—has considered the very entrance of Soviet troops into Afghanistan as a mistake, and we have always advocated their withdrawal. We have broached these problems with the Soviet comrades more than once! One must say that the respective agreement also raises a number of difficult problems, as Afghanistan must now cope with situations that did not exist 10 years ago. We believe that a political settlement should also ensure Afghanistan's democratic and independent development. In practical terms, conditions today in Afghanistan are much tougher than at the time of the entrance of Soviet troops. Indeed, it is absolutely necessary to stop all outside interference and support for opposition forces and to strictly observe the Afghan people's independence and right to solve their own problems and choose their own path of development, in keeping with their wishes. Our country speaks out for Afghanistan's progressive and democratic development and, in this spirit, we will strengthen cooperation and solidarity with Afghanistan.

We also advocate a political solution for Nicaragua. We welcome the process under way there, whose goal is to end any kind of U.S. interference and ensure the independent development of the people of the Republic of Nicaragua along the road of progress.

Likewise, we favor a political solution in Cambodia. We discussed this problem with the Vietnamese comrades and reached the common conclusion that one must achieve national reconciliation and the withdrawal of Vietnamese troops from Cambodia. We also advocated ending any kind of foreign interference in Cambodia and ensuring Cambodia's democratic and independent development on a neutral and nonaligned basis. The Vietnamese comrades said that if a political settlement can be reached, they will withdraw their troops before 1990.

It is in this spirit that we favor the settlement of other conflicts, provided that one proceeds from the need to strictly observe the right of nations to independence and free development, while at the same time excluding any kind of interference in the domestic affairs of other states.

One can also draw certain general conclusions from all this. These conflicts have shown and continue to clearly prove the correctness of the Marxist thesis against the export of revolution and counterrevolution. As a matter of fact, the presence of Soviet troops in Afghanistan has not helped Afghanistan along the road of socialism. On the contrary, it has stimulated the growth of counterrevolutionary forces, which led to the situation we have there today. In Cambodia, the presence of Vietnamese troops was also counterproductive. It caused damage and hardship not only to these countries alone, but unfortunately to the prestige and principles of socialism, as well. Likewise, the U.S. intervention in Nicaragua and in other countries proves that the counterrevolutionary forces cannot crush the struggle of nations for independence and that Nicaragua as well as other nations—notwithstanding the superiority of the intervention forces—will defend their freedom and their way to free and independent development.

I believe that our ideological activity shguld focus on the need to completely end outside interference in domestic affairs and any kind of military intervention and to observe the right of nations to independently choose their path of development. I would like to point out that this does not mean that we should renounce our solidarity with the progressive and anti-imperialist forces. But solidarity does not mean military intervention, and we must say this loud and clear. We have given and will continue to give further support to those peoples struggling for national independence and socioeconomic progress, that they can build the kind of society they like. This is an essential aspect of our internationalist policy of solidarity with all anti-imperialist forces.

We firmly speak out for strengthening relations with communist and workers parties, with socialist and social-democratic parties, and with other democratic and progressive parties and forces. In this respect, our international activity and our propaganda should strongly emphasize the correctness of our party's work and the need to enhance international solidarity, including through the organization of international or regional conferences and meetings of communist parties on the basis of new principles of equality. Our activity and propaganda should rule out any kind of interference in the affairs of other parties. Great changes are currently taking place in international life. As it always happens when radical changes are occurring in the balance of forces and in the development of mankind, all kinds of new concepts and confusions emerge, including expressions of distrust in the forces of socialism and in the development of society along the road of social freedom and independence. This is not something new in world history—neither in the Marxist revolutionary age, nor in the course of development as a whole. This necessarily requires that we study and examine all these great changes thoroughly and draw the appropriate conclusions. However, we should always proceed from the revolutionary principles and outlook about the world. In addition, we should have confidence in the prospects of the struggle for progress and peace. This requires a militant stance against various erroneous concepts. We must be more active in exposing the imperialist reactionary propaganda and its attempts to cloud up and slander the achievements of socialist countries by pointing out certain shortcomings or negative aspects, while totally overlooking the great successes scored by those countries. Let us pursue a principled international policy of solving all problems in the interest of nations, proceeding from the fact that disarmament, the problems of the new economic order, and the establishment of relations on new and democratic bases can only be achieved with the participation of all states in the world, regardless of size and social system.

We must bear in mind that there are a number of theoretical and practical deviations, both on the right and the left. Of course, both of them are equally dangerous. Generally speaking, no kind of extremism can be of any help in finding solutions to problems. However, it is my opinion that the main danger today comes from the rightist deviations, which can seriously harm the socialist construction and the struggle for disarmament, peace, and mankind's overall progress—hence the need to adopt an appropriate and firmer stand in our political-educational activity. These circumstances call for a stepped-up ideological activity at the national and international level. This is in order to strongly assert the revolutionary concepts about the world and the principles of scientific socialism, which have been and continue to be enriched by social practice, by the actual work of socialist construction, and by new conclusions arising from overall social knowledge and development.

We must emphasize constantly and strongly the important role of the workers class and the peasantry, and the ever more significant role of the intelligentsia in the overall development of society as well as the role of the masses and nations.

We must constantly emphasize the correctness of the scientific course concerning the role of masses and peoples as the true creators of the entire development and history of mankind. In this respect, when talking about the new political thinking that must prevail, one should strongly emphasize the principles at the basis of this new kind of thinking and the radical changes that must occur in world relations and international policy, always proceeding from the need to completely eliminate any kind of interference in the domestic affairs of other peoples and ensure the socioeconomic progress, indepedence, and sovereignty of nations. Only on the basis of clear principles—and I believe that our ideological and political activity should focus more on these problems—can one radically change the world thinking and practice and achieve a new kind of thinking and practice in international relations. We must confidently look forward to the future of mankind, which is linked with the need to eliminate nuclear and other mass destruction weapons, promote independent development, and ensure the peace and progress of all nations in the world!

In this spirit, I think we must examine our international activity and adopt firmer stands in this respect.

While talking about these matters, I wish to point out that we must never forget that everything will be judged by the way we fulfill our socioeconomic development plan, programs, and the party program. All these activities and the overall improvement we have in mind, including our international activity, must always aim at unswervingly implementing the program for the fatherland's development and raising the people's level of civilization and of material and intellectual well-being. Only thus will our party be able to always fulfill its role and mission in our socialist society, preserve its revolutionary character in all circumstances, and satisfy the trust and expectations of the whole nation.

'Postponing' End to Intervention Measures Urged

LD1105125588 Belgrade TANJUG Domestic Service in Serbo-Croatian 1157 GMT 11 May 88

[Text] Belgrade, 11 May (TANJUG)—According to the FEC, the postponement of an agreement with the IMF, along with a delay in ensuring the necessary financial support, would mean postponing for the next 10 days an end to the intervention measures. They should be extended by that period, said FEC vice President Milos Milosavljevic, at today's session of the LCY Central Committee.

[Word indistinct] measures should be introduced comprehensively, although there are differing feelings about this in some republics and provinces. This is because without a liberalization of imports, a strong expansion of inflation can be expected.

LCY CC Session Discusses Economic Policy

LD1105111788 Belgrade TANJUG Domestic Service in Serbo-Croatian 0803 GMT 11 May 88

[Text] Belgrade, 11 May (TANJUG)—Topical ideopolitical issues in the realization of economic policy at the start of this year are the basic subjects of an LCY Central Committee session, which begins this morning in Belgrade. In its discussion on this subject the highest party forum should, it is expected, adopt an ideopolitical stand on the proposed measures of economic policy after 15 May, the forthcoming agreement with the IMF, and directions for change to the economic system.

Beforehand, the Central Committee established the candidature of Azem Vlasi for membership of the LCY Central Committee and verified some cadre changes in the composition of the LCY Central Committee and its Presidium.

The Central Committee then began a discussion on the basic theme of this session. Presidium Member Milanko Renovica delivered the introductory speech on issues of economic policy at the beginning of this year.

The Central Committee will today hold a preliminary discussion on self-managing organization and decision-making in associated labor. The introductory speech will be delivered by Slobodan Filipovic, LCY Central Committee executive secretary.

Changes to LCY CC Announced

LD1105110988 Belgrade TANJUG Domestic Service in Serbo-Croatian 0819 GMT 11 May 88

[Text] Belgrade, 11 May (TANJUG)—The LCY Central Committee today accepted the resignation of Hasim Rodzepi from his duties as a member of the LCY Central Committee. He sought to be relieved of his duties because of his election, in a professional capacity, to the membership of the Kosovo LC Provincial Presidium committee. At the same time, Azem Vlasi was confirmed as a candidate for membership of the LCY Central Committee. The election, following a secret ballot, will be held during this session.

The highest party forum today also verified changes to its own composition and to that of the LCY Central Committee Presidium. Milovan Sogorov and Kacusa Jasari, who were recently elected to the posts of presidents of the Vojvodina and Kosovo LC Provincial Committee Presidiums, have by virtue of their posts also become members of the LCY Central Committee and members of the LCY Central Committee Presidium. Petar Simic, who was recently elected to the post of president of the Yugoslav People's Army LC Organization Presidium, has also become a member of the LCY Central Committee Presidium by virtue of his post. He is already a member of the highest party forum.

Renovica Speaks

LD1105141088 Belgrade TANJUG Domestic Service in Serbo-Croatian 0123 GMT 11 May 88

["Introductory speech by Milanko Renovica, member of the LCY Central Committee Presidium, at today's session of the LCY Central Committee in connection with the consideration of topical ideopolitical issues in the realization of economic policy at the beginning of 1988"—TANJUG headline]

[Excerpts] Belgrade 11 May (TANJUG)—The temporary intervention measures have producted certain results. The growth of inflation has been slowed down. Disparities in prices in some branches of the economy have been lessened. Important results have been achieved in increasing the export of goods and services, particularly in the convertible currency sphere; and a surplus has been created in the balance of trade. However, the overall economic situation in the country has not improved, Milanko Renovica, member of the LCY Central Committee Presidium, concluded in his introductory speech at today's session of the LCY Central Committee. He added that despite the "freeze" and the effects of other measures, price increases have continued, with continued strong pressure for their increase. Industrial production is stagnating, and agriculture is still in great economic difficulty.

General and collective spending is still above established limits, personal incomes continue to fall in real terms, and a fall in the overall standard of living has been recorded.

All this, in Renovica's opinion, leads to the conclusion that the crisis is continuing and growing deeper. The SFRY Assembly will provide a more comprehensive and profound assessment of the causes for the failure to realize economic targets and the results of the intervention measures of November last year. In addition, the forthcoming LCY conference will cast even more light

on the ideopolitical conditions in which collective economic policy is drawn up and realized. However it can now already be concluded that social practice has again shown the limits of the measures of an economic policy that, regardless of the fact that it may be forced to do this, stifles market activity and substitutes administrative measures for economic laws. Under such conditions, exaggerated normativeness in itself becomes a hindrance to the consistent implementation of economic policy, since the majority of regulations are not implemented in practice.

Pointing to the depth of our economic problems, Renovica said: "According to the figures of scientific institutions, the average annual rate of growth in the per capita social product for the period 1980-86 came to only 0.25 percent (and in 1987 it continued to fall), while the rate of unemployment was over 16 percent. During the period from 1960 to 1980, our country, in terms of its growth rate, took 30th place in the world, during the period 1980-85 it was between 71st and 74th in the world, but in terms of its indebtedness it reached as high as 11th place."

Assessing the situation and results in socioeconomic development, the LCY Central Committee Presidium insists that a program should be established as soon as possible for a way out of the regime of temporary intervention measures, and a transition to a normal and stable functioning of the economy should be ensured, Renovica continued. The FEC has established proposed measures for the realization of economic policy in 1988 after 15 May, on the basis of the program of measures for cutting inflation and stabilizing the economy, and the agreement reached with the IMF and other foreign creditors.

These measures, in his opinion, are based on the aims and goals established by the 13th Congress of the LCY and the LCY Central Committee. The proposed progam brings new qualities to the economic life of our country and in many respects means, as well as a reform of the economic system and structural changes, a positive change of direction with regard to development and economic policy.

The realization of a target inflation rate of between 90 and 95 percent, which is significantly less than the current rate of inflation, would represent an important success. It is possible to achieve this, Renovica stressed, only if all the forces in our society mobilize themselves in order to realize the established goals, particularly since significantly more consistent measures of economic policy are being proposed, as is a liberalization of the market as a strong impetus for production, export initiatives, and the agreement with the IMF, which should ensure the required amount of foreign financial support for this undertaking. In question here, above all, is the postponement of debt repayments of some 2 billion, which would reduce the burden on foreign currency earnings annually from about 50 percent to about 25 percent, as well as the securing of new loans, which represents a realistic support for our anti-inflation policy. [passage omitted]

One cannot overlook the fact that under the proposed measures, growth in personal incomes is significantly limited. The average gross personal income per worker, according to Renovica, will grow by a maximum of 122 percent. If the planned rate of inflation is not exceeded, the measures count on maintaining real personal incomes approximately at last year's level, but in fact it is personal incomes that will bear the greatest burden if this rate is exceeded. In this connection, the question arises: Can a more economically and politically suitable solution be found for the policy of personal incomes? In seeking an answer to this and other questions, it is of primary importance to strengthen the motivating role of personal incomes for which it is necessary above all for delegate assemblies, trade unions, and economic chambers to involve themselves. [passage omitted]

The implementation of the agreement with the IMF, in Renovica's opinion, could also lead to certain negative consequences. This relates, above all, to certain restrictive elements that could reduce motivation for more productive work, thereby also increasing pressures of expenditure on the functioning of the economy, since imports and other factors of production will become significantly more expensive, and it also relates to certain unfavorable regional aspects in the implementation of this agreement. Nevertheless, while fully respecting the various specific aspects of our very complex economic structure and the way this is reflected regionally—and this should be respected as far as possible in carrying out the measures—there must be no relaxation in pursuing the basic course. The best protection from the various pressures, which could threaten the totality of the adopted program, is openness in work and in decisionmaking. We advocate that as soon as possible, and at the latest by the beginning of the fall, an overall basis for economic reform should be established. Renovica added that the LCY and its Central Committee should involve themselves totally in order to ensure that in a process of democratic dialogue agreement is reached within the timeframe of the constitutional changes. These changes are of common interest to the whole country, since this is one of the basic pre-conditions for a fundamental reform of the economic and political system.

There are quite serious beliefs that the present economic structure represents a basic obstacle to the expansion of exports, Renovica said. [passage omitted]

"Catching up" with the world, taking part in technological progress and in contemporary technological development programs and activating the not-inconsiderable potentials in industry, agriculture, small businesses,

tourism, and transportation, call for changes in the medium-term social plan of Yugoslavia and for the establishment of new directions and criteria for development.

The very serious material economic position does not permit the continued financing of all the functions and institutions in the state organs and in social activities, Resovica said. [passage omitted]

In conclusion, the LCY Central Committee Presidium member said that one of the most important tasks of the LCY apart from contributing to changes in economic and development policy and in other sphers, is to contribute to a more rapid development and strengthening of the awareness and vital need for fundamental changes in the economic system, and in the overall conditions of economic activity. We must create an atmosphere, a will, a resoluteness, and a readiness to consistently realize in practice a commonly established policy.

Assembly Chamber Discusses FEC Report

AU1105164088 Belgrade Domestic Service in Serbo-Croatian 1300 GMT 11 May 88

[Text] Committees of the Chamber of Republics and Provinces continue their discussion on the FEC report of its work over the last 2 years. Delegates from Slovenia and Croatia in the Social Planning and Development Policy Committee, the Credit and Monetary System Committee, the Markets and Prices Committee, and the Economic Relations with Foreign Countries Committee, withdrew their support for this report. Here is a report by Olivija Rusovac and Nebojsa Petrovic:

The Croatian Assembly has taken on the same negative attitude of the Slovene Assembly. In the Social Planning and Development Policy Committee, Franjo Cipris said that it is better for us to face up to the consequences which would be caused now by the fall of the government—meaning the agreement with the IMF—than to continue for another 2 years with a team that has not achieved satisfactory results in the first half of its term of office. In the Markets and Prices Committee, Ivan Grubisic, a delegate from the same republic, announced that the present FEC is not in a position to implement new measures and expressed the Croatian Assembly's view that the Chamber of Republics and Provinces should propose a vote of confidence in the government. However, the report on the work of the FEC was adopted in both committees by a majority of votes along with the demand that the reservations and comments expressed during the last few days concerning the federal government be endorsed.

As I speak, the Finance Committee is also beginning its discussion on the FEC report on its work over the last 2 years.

At one end of opposing views in the Credit and Monetary System Committee were Croatia and Slovenia, whose delegates presented the basic appraisals and conclusions of the assemblies of these two republics, which actually met to discuss the FEC report. The Croatian and Slovene delegates felt that inconsistency in the implementation of economic policy, mistakes in the outline, and bad operational results are sufficient reasons to conclude that the country does not have enough confidence in this convocation of the FEC for it to implement economic policy after 15 May and that with the withdrawal of support for the report, confidence in the federal government should also be withheld.

Representatives of the other federal units talked much more about the work of the FEC being an integral part of the system of decisionmaking in Yugoslavia. Assembly delegates and the republican and provincial executive councils also bear responsibility in equal measure to the FEC for bad economic policy. As they have all gained the confidence of their constituents, there is no reason to insist exclusively on the resignation of the FEC, but the report should be endorsed along with a consideration of the remarks in the FEC's future work.

Federal Presidency Discusses Vrhovec U.S. Trip

LD1105233688 Belgrade TANJUG Domestic Service in Serbo-Croatian 1534 GMT 10 May 88

[Text] Belgrade, 10 May (TANJUG)—A session of the SFRY Presidency was held in Belgrade today chaired by President Lazar Mojsov.

The SFRY Presidency was briefed on the results of the recent visit by Josip Vrhovec, member of the SFRY Presidency, to the United States at the invitation of President Reagan. The visit and talks with President Ronald Reagan, Secretary of State George Shultz, and other top U.S. officials were evaluated as very useful. They took place within the continuing top political level dialogue between the two countries about bilateral cooperation and topical international issues. Note was taken of the fact that both sides made a positive assessment of the latest trends in intrnational relations, stressing their importance for detente and for the efforts to open up the process of effective nuclear disarmament. The importance of the recently signed agreement between the United States and the USSR on removing intermediate-range missiles was also stressed, and the firm belief expressed in a positive outcome of the efforts to reduce nuclear strategic arms. All of this will be conducive to improving the general international climate.

The talks in Washington, which took place in an atmosphere of openness, friendship, and respect were noted for the readiness expressed by both sides to advance bilateral cooperation in all spheres on the basis of equality, mutual respect, and benefit. The Presidency placed particular stress on the importance of the common orientation—which became evident during this

visit—toward developing and stepping up economic cooperation and enhancing it through higher forms of industrial cooperation, joint investment, and the transfer of technology.

The session today the SFRY Presidency also considered and adopted a report by the Federal Secretariat for National Defense on the SFRY Armed Forces' combat readiness in 1987. In this context, the Presidency outlined priority tasks for this year. It was said the the level of combat readiness has been maintained and in some aspects even improved. This was described as being of vital importance for the country's overall defense capability and the further development of our society.

Reports on the last year's work of the military courts and the military prosecutors' offices were also discussed. It was noted that last year these organs continued to fulfill their functions in line with the SFRY Constitution and the laws, thus making their contribution to the efforts to enhance the country's security and the moral-political situation in the Yugoslav People's Army.

The SFRY Presidency also considered a report by the inspection organs of the Federal Secretariat for National Defense on the state of defense and self-protection preparations of those civilian structures of the society where inspection had been carried out in 1987.

Croatian Assembly Proposes Change in Presidency

LD1005111788 Belgrade TANJUG Domestic Service in Serbo-Croatian 0942 GMT 10 May 88

[Excerpt] Zagreb, 10 May (TANJUG)—Related to changes to the federal Constitution, it is necessary to reexamine the possibility of transferring the functions of the presidencies of the republics and provinces to other organs and parts of the system, not excluding the possibility of abolishing these presidencies. This is one of the noteworthy proposals developed in the Croatian Assembly in the wake of the debate conducted in the republic on the draft amendments to the SFRY Constitution.

The Croatian Assembly's constitutional commission, led by Assembly President Dr Andjelko Runjic, gave this proposal today on the recommendation of the republics and provinces. Also explicit in the assembly's thinking is that the social councils, at all levels, should not in the future have to be defined constitutionally. [passage omitted]

Assembly Has No Confidence in FEC

LD1005213988 Belgrade TANJUG Domestic Service in Serbo-Croatian 1358 GMT 10 May 88

[Excerpt] Zagreb, 10 May (TANJUG)—The Croat Assembly has instructed its delegation in the SFRY Assembly's Chamber of the Republics and Provinces to raise the issue of confidence in the FEC. If the Chamber of the Republics and Provinces decides to put the issue on the agenda, the Croat Assembly delegation will, during the voting, express its lack of confidence in the FEC.

This is the conclusion reached at the end of a 2-day discussion in the Croat Assembly on the package of measures to accompany the agreement with the IMF. A report on the FEC's 2-year work was also considered. The overwhelming view noted during today's discussion, in which over 70 delegates took part, was that in its present composition the FEC is incapable of implementing the program of the 1988 economic policy measures.

Doubt was also expressed about the present FEC's ability to successfully conduct the new policy because its stands and measures in previous years have taken a completely different direction. The social and economic crisis, it was said, is now deeper than it was 2 years ago when the present government took office. [passage omitted]

Orlandic Addresses Session

AU1105120888 Belgrade BORBA in Serbo-Croatian 6 May 88 p 1

[Speech by Marko Orlandic, member of the LCY Central Committee Presidium, at the session of the Croatian LC Central Committee in Zagreb on 5 May: "Need for New Development Path"]

[Text] A battle between different interests and ideas that has been conducted quietly for a number of years is becoming increasingly open. The forces of bureaucratic-dogmatic conservatism and separatism, as well as those who advocate some form of bourgeois restoration are operating on the Yugoslav political scene at the same time as a struggle is being waged for the development of socialist self-management.

In these conditions, particularly in recent years, suspicion and mistrust have become more acute and have reached such proportions that, one could say, they even threaten one of the existential achievements of our revolution, the brotherhood and unity of our peoples and nationalities. Differences are also expressed in the LCY and are increasingly diluting and hindering its ability to initiate actions. An obvious example of this is seen in the attitudes toward the realization of the resolutions of the 13th congress. Differences in the LC must be explained and overcome as soon as possible. This is because the impression created is that in this most difficult stage of our development we are not able to open horizons and offer solutions for a more rapid way out of the increasingly serious crisis.

Statist Tendencies [subhead]

In practice, the unavoidable and necessary struggle against unitarian statism is not, objectively speaking,

conducted as a part of a political concept of decentralization as a whole or as a part of some sort of emancipation of labor. In fact, statist tendencies and regional encapsulation, the aspirations of the republics and provinces for their economic and political encapsulation, are becoming stronger in practice. This is preventing associated labor from controlling the entire social reproduction, and is hindering the Federation in efficiently carrying out its constitutionally determined duties. The impression is being created that somebody wants to impose and is imposing different policies and systems, different types of socialism, that individual interests are overemphasized, while general and joint, essentially Yugoslav problems and interests are being ignored. The functions of the state are glorified and even made to completely oppose socialist self-management, particularly in the case of our federal state.

The conference is not a congress. But our internal situation is inevitably giving it much greater importance in terms of its content and essence than it has under the Statute. In circumstances like this, the conference cannot be and is not reduced to only a form of the Central Committee work. After this conference, the situation should not be the same as it was before it. The conference must pay attention to finding a way out of the crisis in which the country and the LC have found themselves, and decide what to do next. We have no choice. However, we will not achieve this aim only through our appeals. In order to improve the situation in the country and reaffirm and ensure the prospects for the development of socialist self-management, we need a completely elaborated program for overcoming the crisis, which would be based on the reform of the economic and political system, on the Long Term Economic Stabilization Program, the resolutions of the 13th LCY Congress, the reform of the cadre policy and the election system, and on democratic principles. We must make clear what kind of socialism we want and should not hesitate about it. We must determinedly strive for a democratic and humanist vision of socialism, based on self-management. We must strive for an economic, modern, and efficient type of socialism, capable of making technological progress, for a successful application of science and technology, a faster penetration of the world market, some kind of emancipation of labor and stimulation of work and creativity, and for a modern and efficient economic system. These must be the central themes of the forthcoming conference and our prime objective.

The LC's Role [subhead]

We must return to our tenets on the place and role of the LCY in the political system of socialist self-managing democracy and to the situation in it. This must be considered an urgent task, because we should remove the numerous causes that for long time have prevented the LCY from being the bearer of revolutionary initiatives, the creator of social transformation, and the leader of the broadest social action in implementing them. The reasons certainly lie in the fact that the LCY is burdened by various distortions, that it is divided ideologically, organizationally and in action, and that it often acts from the position of authority, sometimes even in various kinds of collusion, including collusion with the state. By this we significantly deviate in practice from the program tenets, according to which issuing commands is not the fundamental principle by which the LCY is guided in its work, but rather the development of the initiatives and activities of citizens, and one's own example in developing new socialist self-managing relations among the people. These are, of course, the essential reasons why the membership and organizations and organs of the LC have increasingly been losing touch with the grass roots. This is also one of the main reasons for the consolidation of the forum-like work and for the weakening of the LC's influence.

The conference should represent a great contribution to overcoming views that question the ideological base and unity of the LCY, and to democratically differentiating between the proponents of these views.

Minority and Majority [subhead]

Developing ideas in a democratic way creates room for the activity of individuals and parts of society, which is to say, the minority. However, the separate activity of the minority during the implementation of the majority's stands would, in fact, be reduced to factionalist behavior, and—when the minority is identified on the basis of its region or nationality—it would be reduced to a tendency toward federalizing the party and making these parts independent outside the framework as set by the program and the statute. Therefore, democratic centralism remains the irreplacable instrument for regulating relations in the LCY. But democratic centralism must ensure the membership's broadest possible participation in creating, consolidating, and realizing the policy. It should not restrict the right to opinions, to personal stands, and it should not fetter the clash of opinions, the need for continuous checks, adaptation, and improvements of socialist theory and practice. Otherwise, its role would be conservative, it would be an instrument for a bureaucratic method of arranging relations.

Undermining Revolution [subhead]

Our attention should also be drawn to the fact that recently certain individuals and groups more often and more aggressively started to act from various retrograde antisocialist and anti-self-managing positions. At the same time, opportunist behavior toward these and similar phenomena is on the increase in the LC, and therefore, realistically speaking, the impression is that in some cases these forces have secured some kind of partnership with the forces of socialist self-management and Yugoslav patriotism. Different attitudes toward

these phenomena have also been expressed. On the basis of this, the impression is often created that there are several parties and several kinds of policies on our political scene.

We need to conduct an ideological and political struggle in the open, we need to unmask the activities of some individuals and groups that are trying to belittle our revolution and threaten its achievements. Passive attitudes toward these phenomena in one commune legitimately lead to negative consequences in other communes. It was demonstrated on more than one occasion that events in one commune are not confined to their territory, and that they affect everybody to the same extent.

It would be completely wrong—and it could turn out to be a historic mistake —to ascribe all this to our democratic atmosphere and customs. No, to a great extent this is an expression of our weakness, lack of ideological unity, and inability to initiate an action.

Economic Measures [subhead]

The new measures due to be discussed and adopted in the SFRY Assembly in a few days time mark a radical turnabout, and as such impose numerous complex and responsible tasks on the subjective [subjektivne] forces of our society, to the LC, the Trade Union Organization, the SAWP, and others.

Finally, we all realize that the current economic policy that has been carried out partially and inconsistently for a number of years has been a total failure. We must also be aware of our responsibility in all this, because earlier we failed to succeed, except in our declarations, in changing views and policies that were in contradiction to our program tenets. For some time, the policy has represented a symbiosis of more of the old than the new things, without a clear and sound concept. In addition to all this, the democratic verification of proposals was fettered on more than one occasion, which contributed to the dilution of responsibilities.

These radical measures are being introduced in the conditions when we do not have much maneuvering space, when maneuvering space is almost non-existent. Realistically speaking, this increases the danger of intensifying social tensions and dissatisfaction. We must be aware of these dangers and aim all our sociopolitical activities to this direction.

Trial of People in Agrokomerc Affair Opens

LD1005203388 Belgrade TANJUG in English 1713 GMT 10 May 88

[Text] Bihac, May 10 (TANJUG)—The trial of 25 key figures accused of involvement in the issuing of 900 million dollars' worth of uncovered promissory notes (in national currency) by the agro-industrial firm Agrokomerc formally opened here today, after the defence's exclusion demands were denied.

Six charges have been brought against former Agrokomerc President Fikret Abdic, including one of involvement in a serious form of counterrevolutionary endangerment of the social order. He is also accused of serious infringement of the country's payment system.

The main part of the indictment says that Abdic, second defendant Hakija Pozderac and their collaborators used their personal authority and based the development of Agrokomerc on unbacked promissory notes, although they knew that this would undermine economic foundations of the country.

Abdic said that he did not understand any of the charges and described them as "fabricated and incomprehensible."

Loncar Leaves for Vienna Nonaligned Talks

LD1105202188 Belgrade TANJUG Domestic Service in Serbo-Croatian 1526 GMT 11 May 88

[Text] Belgrade, 11 May (TANJUG)—Budimir Loncar, federal secretary for foreign affairs, left for Vienna today at the invitation of Austrian vice chancellor and foreign minister Alois Mock, where he will take part in the ministerial meeting of neutral and nonaligned European countries to be held on 12 and 13 May.

During the 2-day meeting, foreign ministers of nine neutral and nonaligned European countries will discuss ways in which their countries can most effectively influence the successful outcome of the Vienna CSCE. It is expected that at this meeting a joint draft of the final document, which traditionally is proposed by neutral and nonaligned countries as a basis for the harmonization of stands of all 35 states participating in the CSCE, will be endorsed.

NOTES